

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Australia's economic honeymoon may end in tears, Page 3

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NEWS SUMMARY

GENERAL

Kohl defends Flick donations

West German Chancellor Helmut Kohl acknowledged that he had received money on behalf of his Christian Democrat party from the Flick industrial group in the late 1970s.

However, denied that any strings had been attached to the contributions, which according to Herr Kohl totalled DM 155,000 (\$52,013) - least of all that he attempted to influence discussions over Flick's controversial application for a massive capital gains waiver.

The Chancellor's testimony came in what may be only the first part of his scheduled appearance before the parliamentary committee investigating the Flick affair. Page 18

China energy

Chinese scientists say they have taken the first step to producing energy by controlled nuclear fusion.

Sikh pledge

Leading Sikh businessmen and industrialists met Indian Prime Minister Rajiv Gandhi and said they were reassured of their safety and would rebuild and reinvest in businesses lost in anti-Sikh riots.

'Cover-up' denied

UK Defence Minister Michael Heseltine denied that there had been a government cover-up over the sinking of the Argentine warship General Belgrano in the 1982 Falklands war.

Colombia flood

At least 40 people died in Colombia's worst floods for a decade, and as more rivers burst their banks heavier rains were forecast. The Red Cross said 30,000 people had been left homeless.

Chad killings

Amnesty International accused government soldiers in Chad of carrying out hundreds of summary executions and random killings in the past two months.

More miners back

The return to work in the strike-bound UK coalfields gathered pace with a further 404 miners returning, bringing the total "new faces" this week to more than 1,600. Page 7

Car strikers firm

Leaders of the 28,000 striking Austin Rover workers in the UK stood firm in the face of the company's High Court move to have the action called off. Page 7

Typhoon toll

More than 300 people were killed in the typhoon that swept the central Philippines. Several hundreds others were missing.

Lebanon team

Lebanese government approved a six-man military team for talks on an Israeli withdrawal from southern Lebanon. Earlier report, Page 3

Discovery delay

Swirling winds in the upper atmosphere forced postponement until today of the lift-off of the shuttle Discovery on its eight-day mission to rescue two off-course satellites and place two more in orbit.

Moscow demotion

Former Soviet Interior Minister Nikolai Shekolov may face trial on corruption charges after a Kremlin decision to strip him of his general's rank. Defence Minister Dmitry Ustinov failed to appear at the Revolution Day Red Square parade, fuelling speculation that he may be seriously ill. Page 2

BUSINESS

Paris to cut cheap industrial credits

FRENCH Government is to reduce the volume of subsidised credits available to industry to encourage investment. The move is part of the Socialist Government's more liberal approach to the economy. Page 18

DOLLAR was weaker in London, falling to DM 2.935 (DM 2.948), FF 9.01 (FF 9.055), SwFr 2.4145 (SwFr 2.4225) and ¥240.7 (¥241.9). On Bank of England figures, its trade-weighted index fell to 137.7 from 138.5. Page 37

STERLING was firm in London, rising 1.2 cents to \$1.373. It also improved to DM 3.74 (DM 3.7125), FF 11.45 (FF 11.42), SwFr 3.0725 (SwFr 3.055) and ¥306.5 (¥305.0). Its trade-weighted index rose 0.3 to 76.6. Page 37

WALL STREET: At 3pm, the Dow Jones industrial average was down 10.05 at 1,234.10. Section III

LONDON equities came under selling pressure as investors raised funds ahead of the British Telecom flotation, while gilts firmed after U.S. prime rate cuts. The FT Industrial Ordinary index closed 6.9 down at 894.1. Section III

TOKYO shares registered further sharp falls as investors grew cautious in the wake of the recent upsurge and expected for a period of adjustment. The Nikkei Dow market average fell back 119.12 to 11,178.54. Section III

GOLD rose \$1 in London to \$348.75. It also improved in Frankfurt to \$348.00 and in Zurich to \$347.75. In New York, the December Comex settlement was \$352.50. Page 36

FRENCH Government has effectively set a deadline of the end of the month to resolve pressing financial and industrial difficulties at H. Ernest Somua (HES), one of the country's leading machine-tool makers. Page 20

LA CENTRALE, Italian financial holding subsidiary of Nuovo Banco Ambrosiana, recorded a net profit of L27bn (\$14.8m) for the year to last June compared with a L19bn loss in 1983. Page 20

MORINAGA, the Japanese cottoner whose products are being popularised by blackmailers, expects a parent-company loss of ¥1.3bn (\$5.4m) for the year to March 31. Page 21

VOLVO, the Swedish motor manufacturer, is to introduce shares on the Paris stock exchange as part of a bid to spread ownership of its shares beyond Sweden. Page 20

BASF, West German chemical manufacturer, is to consider investments of more than \$150m in Brazil, where it is already a leading producer of fine chemicals. Page 19

PHILIPS, Dutch electrical group, more than doubled third-quarter net profits from Fl 103m to Fl 241m (\$73.25m), helped by a strong performance in industrial supplies. Page 20

ATLAS COPCO, Swedish rock-drilling, compressor and industrial group, boosted pre-tax profit from SKr 190 (\$24.4m) to SKr 345m in the nine months ending September. Page 19

MAOF, Israeli charter airline, which sells holidays to Israel through its tour operator, Four Seas, has folded with declared debts of \$10m. Page 20

ELDERS-IXL, the Australian conglomerate, has restated that more of its finance business will move offshore if it fails to win a full domestic banking licence. Page 21

BRANIFF, the Texas-based airline, facing serious operating losses, laid off 700 people out of a total workforce of some 2,500. Page 19

Reagan ready for arms summit with Moscow

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan sought yesterday to build quickly on his massive electoral triumph by calling for serious arms control negotiations with Moscow, possibly involving a summit meeting with Mr Konstantin Chernenko, the Soviet President.

"It is time for us to get together and clear the air," said Mr Reagan, flushed with the biggest electoral college victory in U.S. political history.

Tuesday's election result, although widely expected, was a gigantic personal triumph for the 73-year-old Mr Reagan, setting the U.S. and the Western world on the way to "four more years" of the same American policies, even though Mr Reagan never fully defined his future plans in the campaign.

With the Republicans doing less well than expected in congressional races, the vote did not seem to constitute the massive "electoral realignment" for which Mr Reagan had hoped.

Nevertheless, in a tribute to one of the most popular presidents of modern times, the voters overwhelmingly embraced the broad principles of his "conservative revolution" and swept him back to the White House with victories in 49 out of 50 states.

The popular vote went 59 to 41 per cent in Mr Reagan's favour, translating into an electoral college majority of 525 to 13 out of a total of 538. That made his electoral college victory the biggest ever, although

controlled House. It did not seem enough to restore the coalition with right-wing, mainly southern Democrats, with which Mr Reagan effectively controlled the House in his first two years.

The vote was nevertheless widely seen as an astonishing personal mandate for Mr Reagan, which he would have to exploit to the full on Capitol Hill to balance the relatively disappointing Republican performance in the congressional races.

Mr Reagan rapidly capitalised on his mandate by calling for increased presidential powers of veto over individual items in the federal budget and a constitutional amendment to require that the budget be balanced.

Mr Reagan said he wanted to meet the Soviet leadership "so we can get down to the business of reducing nuclear arms." He said that he believed that Moscow was ready

to negotiate because it could not afford an escalating arms race.

Mr Mondale, who suffered the personal humiliation of earning the title of America's biggest political loser, said he would practise law in Washington while maintaining a home in Minnesota. The only role that he would play at this point, he said, was that of "a Democrat in America."

Mr Mondale admitted that he had had trouble in communicating his vision of the country's future and had proved unable to appeal to independent voters in the middle of the U.S. political spectrum.

Reviewing the reasons for his defeat, he said he had been unable to convince people that a President must be able to master details and make the case for new leadership.

Ms Geraldine Ferraro, his history-making vice-presidential running-mate, told a valedictory news conference that she had no bitterness or regrets.

"I am very grateful to Walter Mondale and the American public for allowing me this incredible opportunity," she said.

In response, the U.S. dollar, having benefited initially in New York from some post-election short-covering, was falling again by luncheon, slipping to \$1.2807 against a strong pound, DM 2.9165 and ¥340.05.

President Reagan's landslide popular vote victory, coupled with the prime cut and lower short-term money market rates, failed to help the New York equity and bond markets, where prices were marked lower from the outset.

In the equity market, the Dow Jones Industrial Average was down almost 15 points by noon in heavy trading, wiping out all of its election-day gains.

The decline was attributed to profit-taking and disappointment that the Republicans failed to do

Dollar falters as banks cut prime rates

BY PAUL TAYLOR IN NEW YORK

THE LEADING U.S. banks yesterday trimmed their prime lending rates by a further quarter of a percentage point to 11.75 per cent - giving President Ronald Reagan a post-election present.

On Wall Street, however, share and bond prices sank in early trading and the dollar faltered as President Reagan's already discounted election victory was swept aside by profit-takers and more basic market concerns.

The latest reduction in the benchmark bank lending rate - the fourth general reduction since late September when the rate stood at 13 per cent - had been widely expected, given the recent sharp decline in U.S. money-market rates and bank funding costs.

The sharp downturn in U.S. short-term money-market rates continued early yesterday with three-month Treasury bill rates dropping another 20 basis points to around the 8.58 per cent level. Just two months ago the T-bill rate was almost 2 full points higher at 10.56 per cent.

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Bond prices were also marked down sharply despite the Federal Reserve Board's intervention to supply reserves through a bill purchase.

Trading was nervous as the Fed's policy-making Federal Open Market Committee (FOMC) met to chart monetary policy against the backdrop of a slowdown in the pace of U.S. economic expansion and slow growth in monetary aggregates.

Wall Street economists have generally forecast that the Fed will ease credit policy further in order to "validate" existing money market rates.

They expressed concern yesterday about the implications of election-day comments by Mr Preston Martin, the Fed's vice-chairman, which some traders saw as indicating that the Fed had eased its policy less than was thought.

The drop in U.S. bond prices, which saw the key Treasury long bond give up almost a full point in price by luncheon, was also attributed to profit-taking after the election, which closed the banks and the government bond markets on Tuesday.

Philip Stephens in London adds: On foreign exchange markets, the dollar suffered as investors focused on the prospect of falling U.S. interest rates.

Dealers said that President Reagan's victory had been fully discounted in the markets, prompting profit-taking after the results were confirmed.

The main preoccupation was with whether today's meeting of the FOMC would ease credit policy parallel with the slowing of the U.S. economy.

Many dealers are predicting further losses for the dollar

Victory revellers get pep and patriotism

BY TERRY DODSWORTH IN LOS ANGELES

"FOUR MORE years, four more years," chanted the crowd, voices rising to fever pitch as the man described simply in one poster as "our hero" walked on to the ballroom stage of Los Angeles's giant Central Plaza Hotel.

President Ronald Reagan can hardly ever have received a more welcome curtain call, or have an easier performance to deal with. He entered stage left with Nancy, gave that familiar little duck of the head, and immediately brought the house down with a triumphant victory thumbs-up.

Then, as the "four more years" chorus swelled again, he produced one of the famous one-liners: "I think that has just been arranged."

"This is better than the Olympics," breathed a chic, star-struck cheer leader, who had spent the previous three hours tirelessly giving away American flags.

The decibel level in the ballroom was uncomfortable at that point, but it was pretty unbearable throughout most of the evening as Hollywood ran un-

ashamedly through its formidable array of razzmatazz.

Mr Reagan's rally is supposed to be a vast celebration for party workers, but, as with so many events in the U.S., the real raison d'être is television.

The crowd is expected to perform just as much as the speech makers in front of it - and, like seasoned Hollywood extras, the Reagan supporters did what was required of them, sporting their red, white and blue buttons, releasing their balloons on time, waving their flags like school-

children and screaming at the cameras like teeny boppers.

President Reagan is a consummate operator in such conditions. He looked wonderfully relaxed after the weeks of campaigning and his speech had precisely the right mixture of team pep talk, responsible statesmanship and plain old patriotism to keep the crowd in top gear.

California, he told his supporters, had started the prairie fire that had swept through America.

Bank of England seeks more open market for gilts

BY DAVID LASCELLES IN LONDON

A MORE open and robust market for British government securities in which dealers will have exclusive trading rights but will come under close supervisory scrutiny is envisaged by the Bank of England.

The new market, which is being shaped by the revolution taking place in London's financial markets, is expected to emerge next year, with the first list of market makers ready by about April.

That emerges from the Bank's long-awaited discussion document on the future of the gilt-edged market, released yesterday. The 34-page document lays out in detail the Bank's views on how market makers in government securities should be set up and capitalised, and on the relationship the Bank expects to have with them.

The paper was generally applauded in the City of London yesterday as sensible and clearly thought out, but many people expect to respond to the Bank's invitation for comments, which are due by January 19.

The Bank says that market makers, stock exchange money brokers and inter-dealer brokers will be given special trading and financing privileges with the Bank (which is responsible for selling government stock) in return for a commitment to ensure orderly operation of the gilt-edged market. They can be British or foreign-owned.

However, the Bank will supervise the market makers closely, much as it already does banks, to ensure that they are strongly capitalised and independent, even if they form part of some larger group. The bank will keep in close touch with management and wants detailed reports of their operations, in some cases

on a daily basis, possibly through newly created computer links.

The key proposals are:

- Firms should be separately capitalised as companies or partnerships with dedicated sterling capital in the U.S.
- Substantial shareholders should give the Bank assurances that they accept ultimate responsibility for the market makers' liabilities.
- They should deal at arm's length with their parents.
- They should deal only in sterling non-equity securities.

Contrary to expectations, the Bank will not lay down minimum or maximum capital requirements for firms.

John Moore writes: There was some worry among stockbrokers that the suggested capital ratios for the new operators in the gilt-edged market were "too tight." Brokers argued the bond dealers in the U.S. market were not operating under such onerous requirements.

"The Bank of England has been a bit cautious," said one leading broker. Others were critical of some of the details, which they argued were too complicated.

Mr Gordon Pepper, a senior partner of W. Greenwell, argued that the system needed to be simplified.

"There is an industrial logic that primary dealers in the gilt-edged market and discount houses should eventually merge," he said.

Although the Bank has not indicated yet the number of practitioners it expects to see operating as primary dealers in the gilt-edged market, securities firms in London were arguing that eventually business in that market could be carried out by 12 main dealers.

Details, Page 8; Lex, Page 18

Deutsche Bank stake in Morgan Grenfell

By David Lascelles in London

DEUTSCHE BANK, West Germany's largest bank, is to take a 4.99 per cent stake in Morgan Grenfell, the London merchant bank, at a cost of £14m (\$17.8m).

Morgan Grenfell also disclosed that it was laying out £31m in cash and stock to buy Pinchin Denny, the jobbing (market-making) firm, and Pember & Boyle, the government stocks (gilts) brokers. The moves form part of Morgan's plans to become a primary dealer in the UK government securities markets.

Deutsche Bank's stake will be in newly issued shares and is intended to seal the two banks' desire to increase co-operation in several areas including securities markets, corporate finance, and trade and project finance.

There is no provision in the agreement for Deutsche Bank to increase that stake at present or place a member on Morgan Grenfell's board. Nor will Deutsche Bank involve itself in Morgan's venture into the gilts markets.

Dr Wilhelm Christians, joint spokesman of the Deutsche Bank board, said co-operation with Morgan "will supplement our own activities in the field of investment banking and capital market operations which are to be significantly expanded in the near future."

He also emphasised the pre-eminence of London as a financial centre and the value to Deutsche Bank of access to UK capital markets and first-hand advice on current changes in the securities business.

Continued on Page 18

Lex, Page 18; Deutsche Bank's slice of the action, Page 24

Irregular dealings at Fuji Bank

BY ROBERT COTTRELL IN TOKYO

FUJI BANK, Japan's second-largest commercial bank, said yesterday that it lost ¥11.5bn (\$47m) through unauthorised and irregular currency transactions made by the chief foreign exchange dealer of its New York branch between April and July this year.

The bank said it had already covered the loss by sales of portfolio securities. Its directors say they plan to stone for the losses by taking 10 per cent pay cuts and foregoing their annual bonus this year.

Directors of Fuji's international division will take pay cuts of 30 per cent. The dealer concerned, Mr Hajimu Akazawa, has left the bank; Fuji has also demoted its New York branch manager, and the managing director of its internal audit team.

The bank said Mr Akazawa began speculating against the U.S. dollar in April, convinced that it would weaken against the yen. Instead, the dollar strengthened from ¥224 at the start of that month to ¥247 by the end of June. Mr Akazawa

did not report his early, smaller losses, but tried to cover them with increasingly large "forward" contracts.

Although his losses snowballed into billions of yen, far exceeding his authorised trading limit, the bank says the situation was not detected in two rounds of monthly internal checks, mainly because the branch was installing new computers and had no means of verifying the positions reported by traders.

Continued on Page 18

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EUROPEAN NEWS

EEC move on transport policy

BY PAUL CHEESBRIGHT IN BRUSSELS

TRANSPORT MINISTERS OF the European Community today try to stick together a package of measures covering road haulage, road safety, communications projects and co-operation among railways in the EEC.

The taste of successive generations of ministers for technical arguments without decision led the European Parliament to arraign the Council before the Court of Justice for not carrying out the provisions of the treaty of Rome.

At this stage enter the Netherlands. The Dutch have been saying "no increase in haulage permits, no spending on infrastructure."

Bonn forecasts 2.5% growth next year

BY RUPERT CORNWELL IN BONN

THE WEST German Economics Ministry expects the country to achieve a 2.5 per cent growth rate next year, enough to create between 80,000 and 70,000 jobs and lead to a slight fall in the present unemployment rate.

The latest indicators give some support for the Economics Ministry's views. Inflation rose last month to 2.1 per cent from the 1.5 per cent of 1.5 per cent in September.

Although the Ministry reckons that demand from the U.S. will fall, it still anticipates that West German exports will grow 6 per cent in real terms next year - proof, according to Herr Schlecht, that the international competitiveness of industry here remains "very good."

The recovery should draw support from a surge in corporate investment - up to 6.5 per cent in real terms next year - and a stronger trend in private demand.

Students at state schools are faring little better. Teachers there have been on strike for six weeks - over an issue unrelated to the church dispute, and the schools are being kept open with the help of volunteers.

"Close your eyes and pray to God for sweets," one volunteer instructs his pupils. As they open their eyes, no sweets appear on their wooden desks.

Hopes of an early settlement in the Government's attempt to force church schools to stop charging fees are now beginning to wane.

The church says it does not have the resources to finance free education and its court action challenging the legality of the Government's action is proceeding very slowly.

Yesterday, Dr Carmelo Mifsud Bonnici, the senior Deputy Prime Minister and the Government's leading counsel, insisted that the judge step down because he admitted in court to being the son of a worker educated by the church.

Reagan victory may boost security talks

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

DELEGATES to the 35-nation European security conference are concerned to use the result of the U.S. presidential election to give new impetus to the 10-month old negotiations on European confidence and security building measures which started a fourth session in Stockholm this week.

The talks are still stalled by disagreements between the Nato and Warsaw Pact countries on the working procedures that should be used for discussing proposals put forward earlier this year.

Unofficial suggestions put forward by Finland, as one of the leading neutral and non-aligned countries attending the conference are being discussed outside the formal plenary meetings, but certain Nato countries clearly still have serious misgivings.

The Finnish suggestion would create two main working groups. One would deal with the development of earlier confidence-building measures agreed as part of the 1978 Helsinki accord covering areas such as the notification of military manoeuvres and the sending of observers.

MR MALCOLM RIFKIND, minister of state at the British Foreign Office, who left Poland yesterday after a five-day visit, has been criticised for behaving as if "he had been visiting a former British colony," writes Christopher Bobinski.

Official anger here has been aroused by Mr Rifkind's meeting with four former Solidarity advisers and his public remarks on the need for reforms in Poland. "We don't need to be lectured," Mr Urban said, and "we don't want visits here by Western officials to provide an opportunity for propagandist excesses."

Pope, too, disclaiming responsibility for Fr Popielusko's murder and explaining the circumstances. Something of a special relationship has grown up between the two men since the Pope's visit to Poland last year and his two long discussions with the general.

Mr Walesa evidently hopes that Gen Jaruzelski may be open to papal persuasion of the need for a dialogue which would include Solidarity.

Mr Urban's news conference followed a politburo meeting at which Gen Jaruzelski took responsibility for security affairs. Gen Czeslaw Kiszczak the Interior Minister, has also announced a special branch to be set up in his ministry to monitor its employees.

Such a conclusion is suggested by details of the investigation which Mr Urban chose to divulge yesterday. The leader of the three men charged with the murder, it appears, is continuing to claim that his motive had been to persuade the priest to drop his political activities and that he had been killed when they panicked after their plans went awry.

Friendly start to People's Europe

By Quentin Peet in Brussels

TEN WISE men kicked off their talks on how to make Europe relevant to the masses yesterday, about four months late, but otherwise in fine style.

It will be an uphill struggle, for they are already weighed down with the cumbersome title of the People's Europe Committee, and a deluge of documents is undoubtedly in preparation to confuse them.

The sort of ideas they are supposed to be coming up with concern the practical problems of European integration, like cutting down frontiers for multilateral making it easier for people to work in any member state with the same qualifications and putting their collective fingers on the petty bureaucratic and nationalistic hassles which make the citizens of Europe more and not less, chauvinistic.

The ten may also get round to putting up ideas for a few more Euro-trappings and symbols - things like the burgundy-coloured European flag, supposed to be ready next year, a European anthem, and even a European football team - but there was well-justified universal relief that such matters failed to make yesterday's agenda.

They met in the neutral ground of the Palais d'Egmont in Brussels like their worthier, if not necessarily wiser, colleagues in the similar ad hoc committee set up to discuss the institutions and political relations of the Community.

That was the other initiative launched by President Francois Mitterrand and his colleagues at the June summit meeting at Fontainebleau.

Record bill for German insurers

MUNICH - A freak 20-minute hailstorm which battered the Munich area last summer, wrecking aircraft and cars and injuring more than 300 people, has left insurers with a damages bill for DM 1.5bn (\$320m), the largest in German insurance history, according to the West German insurance association, GDV.

GDV said income to its own members, who take 93 per cent of the market, is expected to increase to DM 95bn, 3.1 per cent more than last year.

Economic upturn has not yet brought a lasting improvement in new business, GDV said.

Sweden's Finance Minister, Mr Kjell-Olof Feldt, sought yesterday to keep the Government's fragile economic strategy on course by promising the unions real wage increases next year.

The Government is still working hard to persuade the unions to accept a voluntary ceiling on wage costs of 5 per cent in 1985 as part of its ambitious fight to reduce inflation to only 3 per cent by the end of next year.

The willingness of union leaders to support the Government was shaken by the sudden purchase tax increases announced last week which will significantly raise the price of tobacco and alcohol, petrol, electricity and charter travel.

LO, the blue-collar workers' trades union confederation, will play a vital role for the ruling Social Democrats in next year's general election campaign, has been under tremendous strain in the last two weeks.

It is torn between its wish to support government economic policy in an election year and the demands from member unions for real wage increases next year. Real wages have been falling in Sweden since 1976, although the decline has been halted this year.

Ustinov absent from official line-up for Red Square parade

BY PATRICK COCKBURN IN MOSCOW

MARSHAL DMITRI USTINOV, the Soviet Defence Minister and a key Kremlin leader, yesterday failed to appear for the annual Red Square military parade because he was ill, officials here said.

All other Moscow-based members of the politburo fled on to the top of Lenin's hill, below the Kremlin's Red Wall, to review the parade. They were led by President Konstantin Chernenko, with Mr Mikhail Gorbachev, who will visit London next month, prominent enough in the line-up, given his relatively young age of 53. He appears secure as Mr Chernenko's probable successor.

Marshal Sergei Sokolov took the military salute in place of the 76-year-old Defence Minister, who seems the effective number two in the military hierarchy rather than Marshal Sergei Akhromeyev who succeeded the controversial Marshal Nikolai Ogarkov as chief of staff in September. Marshals Sokolov and Akhromeyev both carry the rank of First Deputy Defence Minister.

The military march-past in the largely festive parade was byer. Though the weapons on display are not particularly significant, Western specialists say the Soviet armed forces have not in fact launched a major new procurement to counter the increase in the U.S. defence budget under President Ronald Reagan.

The parade, marking the 67th anniversary of the Bolshevik seizure of power, contained a short review of the Tuman and Kantimir guards divisions of the anti-aircraft missiles which rolled past the reviewing stands dated from the 1950s and are obsolete. Foreign military specialists say that the 1-72 tanks, armoured personnel carriers and artillery on display are typical equipment of the Soviet armed forces.

There then followed a long march-past of Moscow's looking festive as they waved balloons and large red artificial flowers.

The U.S. estimates that the Soviet Union spends 13-14 per cent of its gross national product on defence, but defence costs have only been growing by about a per cent a year since 1976. In the previous decade, the growth was 4.5 per cent annually, according to Central Intelligence Agency testimony to the U.S. Congress.

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It is torn between its wish to support government economic policy in an election year and the demands from member unions for real wage increases next year.

Real wages have been falling in Sweden since 1976, although the decline has been halted this year. After two weeks' silence and following a meeting on Tuesday night with Mr Olof Palme, the Swedish Prime Minister, LO issued a statement yesterday claiming only that the Government's mini budget package had made it difficult for large groups of blue-collar workers to achieve real wage rises next year.

If wage restraint failed to produce real wage increases, the Government is expected from the Government to make good the deficit, it said.

Ireland plans new tax on oil, gas finds

By Brendan Keenan in Dublin

THE IRISH Government is expected to publish soon details of taxation policy to be applied to offshore oil or gas discoveries. This will fill in gaps left in the 1975 licensing terms and may revive the limited interest now being shown by exploration companies in drilling the Irish waters.

Ireland is holding its third licensing round at present, but there are fears that the UK's ninth round will prove more attractive to oil companies.

The new proposals are expected to retain the 50 per cent corporation tax rate but will set out important details such as when tax becomes liable, the period over which the development costs can be written off, and the treatment of foreign exchange losses.

The tax proposals will not cover the most contentious issue: the Government's right to take up to 50 per cent of any oil discovery, and to oblige the company to carry the state's share of development costs, to be paid for from future production.

Oil companies argue that if exercised in full this would make small finds uneconomic. They would like to set definite guidelines on state participation in marginal fields.

The Irish Department of Energy may be prepared to negotiate privately on participation guidelines to avoid the political controversy which might follow public changes.

Such guidelines may be the only way to persuade Gulf Oil and its partners to make a serious attempt to assess the possibility of production from its 1983 discovery off Waterford. This would require the drilling of one or two more wells, to assess its commercial viability.

Industry spokesmen say Ireland's attractions have been eroded by the changes in UK taxation governing small fields.

Analysis has claimed that on a field with less than 100bn barrels reserves, the Irish Government would take between 57 per cent and 70 per cent, whereas the UK Government on a similar field in the North Sea would take only 35.7 per cent.

Danish deficit improves

By Hilary Barnes in Copenhagen

DENMARK'S third-quarter current balance of payments deficit improved to Dkr 2.5bn, from Dkr 4.3bn in the second quarter, according to the Bureau of Statistics, but the deficit for the first nine months doubled to Dkr 12.2bn from Dkr 6.2bn last year.

The improvement in the third-quarter deficit, will add pressure on the coalition Government to introduce measures this winter to restrain consumer demand, especially as the September trade figures indicated a significant slowing down in imports of consumer goods.

This improvement reflected a swing in the trade balance from second-quarter deficit of Dkr 1.2bn to a third-quarter surplus of Dkr 300m while net interest payments to abroad fell from Dkr 5.9bn to Dkr 5.3bn. The third-quarter deficit in 1983 was Dkr 1bn.

Reuter reports from Paris: France's gross domestic product is likely to rise by 1.2 per cent next year after a 1.3 per cent rise this year and 0.9 per cent in 1983, according to a report by the French independent BIE economic research group issued here.

Statoil's Halten bank find should prove to contain large amounts of oil - there is there, too - it could well be developed before either Sleipner or Troll, Mr Rodland confirmed. The oil and condensate would be buoy-loaded and the gas reinjected initially. Shell has also found oil on the Halten bank - an estimated 30m to 60m tonnes, on a structure named Draugen (Dragons). This could be produced in conjunction with Statoil's field.

Education goes underground in Malta

By Geoffrey Grima in Valetta

PRIVATE EDUCATION in Malta has been driven underground by the dispute between the Roman Catholic Church and Mr Dom Mintoff's government which has closed many schools on the island.

Each day, some 18,000 church school students attend lessons furiously in private houses and garages whose locations are the closely guarded secret of parents and teachers.

Students at state schools are faring little better. Teachers there have been on strike for six weeks - over an issue unrelated to the church dispute, and the schools are being kept open with the help of volunteers.

"Close your eyes and pray to God for sweets," one volunteer instructs his pupils. As they open their eyes, no sweets appear on their wooden desks.

"Now pray to Premier Mintoff." This time the prayer works, but the students receive little by way of a formal education.

Hopes of an early settlement in the Government's attempt to force church schools to stop charging fees are now beginning to wane.

Walesa's plea for dialogue with government suffers setback

BY CHRISTOPHER BOBINSKI IN WARSAW

THE APPEAL by Mr Lech Walesa, leader of the banned Solidarity union, for an "honest dialogue" with the Polish Government appears to have encountered a swift setback.

Admitting yesterday that the Roman Catholic Church's calls for calm had helped maintain order at the recent funeral of the murdered priest Fr Jerzy Popielusko, the Government's spokesman, Mr Jerzy Urban, yesterday denied that similar appeals by Mr Walesa had had any effect.

"I don't attach much importance to Mr Walesa's words, as his standing in the church continues to fall and those people who still do listen to him find that he is always changing his mind," Mr Urban said.

The Solidarity leader himself, however, is hoping that the church can push the authorities into a more conciliatory stance and attaches importance to a personal appeal he has made to Pope John Paul to mediate between rulers and ruled in Poland.

General Wojciech Jaruzelski, the Communist party leader, has written a personal letter to the

MR MALCOLM RIFKIND, minister of state at the British Foreign Office, who left Poland yesterday after a five-day visit, has been criticised for behaving as if "he had been visiting a former British colony," writes Christopher Bobinski.

Official anger here has been aroused by Mr Rifkind's meeting with four former Solidarity advisers and his public remarks on the need for reforms in Poland. "We don't need to be lectured," Mr Urban said, and "we don't want visits here by Western officials to provide an opportunity for propagandist excesses."

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Pope, too, disclaiming responsibility for Fr Popielusko's murder and explaining the circumstances. Something of a special relationship has grown up between the two men since the Pope's visit to Poland last year and his two long discussions with the general.

Mr Walesa evidently hopes that Gen Jaruzelski may be open to papal persuasion of the need for a dialogue which would include Solidarity.

Mr Urban's news conference followed a politburo meeting at which Gen Jaruzelski took responsibility for security affairs. Gen Czeslaw Kiszczak the Interior Minister, has also announced a special branch to be set up in his ministry to monitor its employees.

Such a conclusion is suggested by details of the investigation which Mr Urban chose to divulge yesterday. The leader of the three men charged with the murder, it appears, is continuing to claim that his motive had been to persuade the priest to drop his political activities and that he had been killed when they panicked after their plans went awry.

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There was also a hint of Western involvement with evidence that Capt Piotrowski, the leader of the group, had recently bought two expensive western cars with hard currency of "unknown" origin.

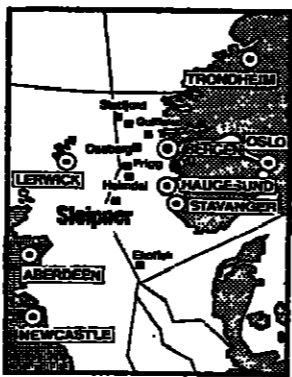
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Britain's other two conditions are far bigger stumbling blocks. Mr Erik Rodland, Norway's Deputy Oil Minister, says there can be no question of giving British suppliers special concessions over Sleipner field contracts.

Oil takes precedence as Norway rethinks energy strategy

Sleipner talks resume with Oslo hardening its stance, writes Fay Gjester



GROWING DOUBTS in Norway about the prospects for success in the long drawn out Sleipner gas negotiations with British gas companies are leading to a fundamental rethink of the country's petroleum exploration and development strategies.

From now on, both the Norwegian Government and the oil companies working in Norwegian waters are likely to put oil, rather than gas fields, at the front of the development queue.

The corporation and Statoil, Norway's state oil company, reached tentative agreement about a deal last February. This envisaged development starting almost immediately, with deliveries to begin in 1990 and run for some 15 years.

Whitehall objected to the agreement, however, and in the summer set several conditions before it would consent to a revised deal. It wanted slower offtake of the gas and a guarantee that a substantial share of the field development work would go to UK companies.

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OVERSEAS NEWS

Gandhi calms Sikh fears

BY JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDEHI, the new Indian Prime Minister, yesterday defused a potential revolt by Sikh businessmen anxious about the safety of their homes and investments when he took over a meeting they had requested with President Zail Singh, who is also a Sikh.

He met a delegation of 39 businessmen on the eve of the birthday today of the founder of Sikhism, Guru Nanak.

The Government fears that this event might give rise to a backlash by Sikhs against Hindus, following last week's riots and security tightened in New Delhi and in the Sikh's home state of Punjab.

Mr Gandhi told the businessmen that the Government would take speedy action to compensate the riot victims and to rehabilitate poorer Sikhs who had lost their homes and are now in refugee camps. The first 1,000 Sikhs left these camps yesterday.

"It was a good meeting," said Mr Charanjit Singh, a leading Delhi businessman who headed the delegation.

Israeli troop withdrawal talks set for today

By Nora Boustany in Beirut and Lynne Richardson in Tel Aviv

LEBANON'S six-member military council met yesterday to select a group of officers to participate in the negotiations over the withdrawal of Israeli troops from the south of the country. The negotiations are due to open today.

The Islamic Jihad organisation, which has claimed responsibility for several of the worst bombings in Lebanon, warned that anyone taking part in the negotiations "would pay a very high price."

The talks have already been postponed from Monday and the Lebanese Cabinet decided on Tuesday to leave the selection of a negotiating team to the military council.

Israel hopes that the negotiations, to be held in Naqoura, just north of the Israeli border, can be brought to a speedy conclusion. However, it is felt that they could still last for at least three months.

The negotiations are to be held under the auspices of the UN Interim Force in Lebanon (Unifil). Israel intends to press for an expanded role for both Unifil and the South Lebanon army, the local militia which it finances and trains.

Israel wants the South Lebanon army to patrol the area immediately north of its border and for Unifil to extend its region to north of the Awali River.

However, Mr Nabih Berri, leader of Lebanon's Shia population, which form a majority in the south, is adamantly opposed to the South Lebanon army. Syria is equally opposed to any longer-term political or military advantage from its 1982 invasion of Lebanon.

The Lebanese Government is likely to propose that two of its army brigades should be deployed all the way to the Israeli border. But it appears to be in agreement with Israel on the necessity of expanding the presence of UN forces.

It is feared in Beirut that unless the negotiations make progress, Israel could withdraw unilaterally, which would provoke further factional fighting in the south.

They're off and running in Australia

AUSTRALIA ground to a halt on Tuesday for the running of the Melbourne Cup, a horse race of great distinction on which the country traditionally bets its shirt, writes Michael Thompson-Noel from Sydney.

Yesterday—poorer, if no wiser—Australians refocused their attention on another race: the December 1 general election campaign in which Prime Minister Bob Hawke's Labor Government is centering to almost-certain re-election.

The Morgan Gallup Poll published yesterday in The Bulletin Magazine emphasised the one-sidedness of the race—53 per cent for Labor, 37

per cent for the Liberal-National Party opposition, and 7 per cent for the Democrats.

At the same time, Mr Hawke's approval rating was steady at 67 per cent, against 24 per cent for the beleaguered Liberal leader, Mr Andrew Peacock.

He was in Sydney yesterday, campaigning in Bondi, and used the occasion to accuse the Government of "deceit" on tax policies and of "consulting secretly" with the Australian Council of Trade Unions.

More significantly, Mr Peacock is at last shifting the campaign on to economic

ground, and claiming that the Government has no strategy with which to achieve sustained recovery.

Mr Peacock said Labor's first two budgets had increased real government spending by over 6 per cent per annum. "Despite Labor's hanging of the budget," he claimed, "the Australian economy is now at a stage where the right policies could turn a patchy recovery into a sustained upturn."

The Government's federal budget deficit for 1984-85 is estimated at A\$6.75bn (A\$4.6bn), against A\$7.95bn (A\$4.3 per cent of GDP) last year.

However, Mr Peacock is now ridiculing Mr Hawke's recent promise to cut the budget deficit without raising taxation's share of GDP both in 1985-86 and during the course "of what he sees as his next term."

Mr Peacock also quoted a recent analysis by the Victorian Chamber of Manufacturers, which forecast strong growth in 1984-85, but then spoke of a declining growth rate in 1985-86 (1.0 to 1.5 per cent) and 1986-87 (1.0 to 1.5 per cent).

Inflation could increase to about 8.5 per cent throughout this period," said the analysis, "and unemployment could be back to double figures by late

1986. Australia could be facing a deficit of between A\$8.5bn and A\$9bn in 1985-86, and more than A\$10bn in 1986-87."

Mr Peacock claimed that, in the absence of expenditure restraint, Labor's solution "will inevitably be a range of new taxes."

Mr Hawke was also in Sydney yesterday, looking singularly untruffled. "Are there more job opportunities? There are. Is inflation coming down? It has been halved. Are interest rates coming down? They are. Is the housing industry booming against stagnation before? That's the position," he said.

Economic honeymoon may end in tears

The Hawke Government has had a lot of luck in its 19 months in office, but its "remarkable" success might not last into a second term. Michael Thompson-Noel reports from Sydney.

quick to claim credit for achieving "remarkable" economic growth during its first spell in office and to argue that its consensus approach has reshaped relations between industry, unions and governments (both federal and state).

Labor's key election claim will be that it has launched Australia on a new growth path and that the achievement of sustainable non-inflationary growth is no longer a chimera. "We could take this path," says Mr Keating, "or we could opt for a return to the sickness of the 1970s—with high inflation, low growth and declining job opportunities."

However, some argue that Labor's pay and prices pact with the Australian Council of Trade Unions faces real problems in the months ahead. Inflationary pressures, they say, are bound to reappear, and Australia's return to centralised wage-indexation and maintenance of real wages could carry the seeds of Labor's destruction.

The government's sternest critic has been Mr John Stone, who resigned recently as Secretary of the Treasury and from the public service.

In a speech in late August, which he was still officially head of the Treasury, Mr Stone derided what he called the "pitch of lunacy" and "national self-delusion" in

labour market affairs and suggested that businessmen re-peruse George Orwell's Animal Farm.

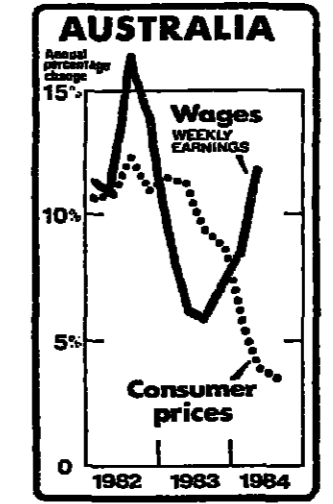
"They might thereby be reminded," said Mr Stone, "of the fate of all those other good-hearted and well-meaning animals such as the old horse Boxer who, in a spirit of trust and consensus, allowed the pigs under their charismatic leader Napoleon to lead them forward . . . to their ultimately bitter end."

The Government is much irritated by Mr Stone, but unswerving in its claim to have liberated Australia from the "monetarism" and "confrontationalism" of the 1975-83 Liberal-National Party regime of Mr Malcolm Fraser.

In his recent budget speech, Mr Keating said that between the June quarters of 1983 and 1984, economic growth was over 10 per cent. Non-farm growth was expected to average 5 per cent in 1984-85, a little higher than last year's, while overall gross domestic product growth would be about 4 per cent.

By June next year, the Government expects to have created more than 400,000 new jobs, against a March 1983 election promise of 500,000 new jobs in three years.

"With continued wage moderation and a non-inflationary monetary policy," said Mr Keating, "the rise in



Against that, the latest Confederation of Australian Industry-Westpac survey indicated much greater optimism among manufacturers.

Capital spending plans were at their best levels for three years, supporting an earlier survey by the Bureau of Statistics in which respondents reeled upwards their previously reported capital spending intentions for 1984-85 by 14.5 per cent. This was the biggest upward revision of estimates since 1979-80, in the heady days prior to Australia's most recent, if short-lived, mining and resources boom.

Interest rates have eased and there are bullish pointers for rates next year. In addition, despite the surging strength of the U.S. dollar, the Australian dollar has held its ground well, with some bankers expecting the local currency to move up through the U.S.\$0.90 mark (against \$0.83 at present) in the first half of 1985.

"However," says Lloyds International, "some very real problems will emerge at that time."

Mr Hawke, Mr Keating and other ministers will use the airwaves to drill home the message that inflation is under control, the economy picking up, the accord sticking and Australia facing "an historic opportunity to embark upon a new growth path."

"The reality may be far less palatable. The election itself is hardly in doubt. Mr Hawke is likely to score another famous victory. However, the Hawke honeymoon, already 19 months old, will almost certainly end next year, perhaps in tears."

Blacks return to work as death toll rises

By Jim Jones in Johannesburg

TENS of thousands of black South African workers streamed back to their jobs yesterday following a two-day stay-away on Monday and Tuesday.

The stay-away halted large sections of industry around Johannesburg and left 22 dead during demonstrations in East Rand townships, with damage to property running into millions of rands.

But while many employers accepted workers back, Sasol, the oil-from-coal producer which supplies over half the country's liquid fuels, confirmed it was firing almost 6,000 men employed at its two main plants some 75 miles to the east of Johannesburg.

A spokesman for Sasol said the men would be fired as they had abrogated employment contracts by not reporting to work ahead of a Tuesday morning deadline, and after having been warned of the consequences of a stay-away.

China stresses limits to HK autonomy

By Mark Baker in Peking

CHINA has stressed that Hong Kong will enjoy administrative autonomy but not political independence after Britain quits the colony in 1997.

Wu Xueqian, the Chinese Foreign Minister, has emphasised that, as a Special Administrative Region of China, Hong Kong will be answerable to the National People's Congress (NPC) in Peking.

Wu's speech was the first since the initialing of the Hong Kong agreement that China has highlighted the limits of its pledges to allow Hong Kong to administer itself and maintain its capitalist system.

Reuters adds: the Hong Kong Government will stop hiring civil servants from Britain next year in preparation for the colony's return to China in 1997, the Far Eastern Economic Review reported yesterday. The administration hopes to have local staff in all top posts by 1995, the magazine says.



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THE REAGAN LANDSLIDE

Mondale refuses to desert politics of compassion



Wall Street takes victory in its stride

By Paul Taylor

WALL STREET woke up to a second Reagan victory yesterday, yawning and almost decided to go back to sleep again.

In marked contrast to the President's election victory four years ago, there were no champagne corks popping in the front trading rooms, no new trading volume records broken in the first hour on the New York Stock Exchange (NYSE) and few superlatives tossed around on the trading floors.

Wall Street and U.S. businessmen were undoubtedly pleased about the President's personal landslide victory. But as one Wall Street economist noted: "The feeling is that the President won on the basis of his own popularity alone."

They had expected President Reagan to win handsomely. "There were no big or major surprises," said Mr Len Santow of Griggs and Santow, the Wall Street advisory firm. Mr Philip Braverman of the investment advisory firm, said Wall Street trader reaction was summed up by the comment: "Gee, this is the way it was supposed to come out."

Perhaps more importantly, Mr Braverman and other senior Wall Street analysts noted that the so-called "coat-tail" effect of the President's victory over Congressional results was less decisive than Wall Street had hoped.

"The market had hoped not only that Reagan would sweep the board but that he would have very long coat tails, especially in the House of Representatives," Mr Santow said.

Wall Street economists said they believed the President's victory would have little immediate impact on market expectations about interest rates, the dollar and U.S. economic and monetary policy. In the short-term they believe that U.S. money market rates will probably rise for some time.

Wall Street believes that the U.S. dollar could continue its recent slide but does not expect the dollar's weakness to turn into a drastic retreat. They believe that the fundamental challenge for the President and the Fed is to maintain the inflationary growth in the economy and that the budget deficit remains a critical challenge.

Coupled with the Republican two Senate seat losses the House results limited the presidential landslide. Money managers were among the most bullish the day after the election. Mr Donald Spiro of Oppenheimer Management, a New York money management firm, said he looked for "a renewed interest in equities" which he suggested should result in the Dow Jones Industrial Average, at present hovering around the 1,340 level, reaching the 1,400 to 1,500 level by early next year.

By Stewart Fleming in St. Paul Minnesota

WITH GRACE, dignity and a ringing reaffirmation of the liberal Democratic values which have been the foundation of his political life, Mr Walter Mondale formally brought to a close on Tuesday night one of the longest campaigns for the presidency in U.S. political history.

But as he rang the curtain down on his gruelling and at times painful three-year struggle, Mr Mondale made it clear that he plans to be a force to contend with in the battle ahead for the political soul of his party.

"My loss tonight does not diminish in any way the worth or the importance of our struggle," he told a small and cheering band of party activists in the cavernous St Paul civic centre. "I think especially of the poor, of the unemployed, of the elderly and of the handicapped. These are the people that ever. The fight did not end tonight, it began tonight," he declared.

Mr Mondale's restatement of the political legacy he inherited from his mentor, the late Mr Hubert Humphrey, will be read as a symbol of his determination to continue the fight against what he sees as the Reagan Administration and the intolerance and bigotry taking

root on the right of the Republican Party. But it was also a challenge to those in the Democratic Party who are saying that the Reagan landslide proves the time has come for Democrats to dilute the values of compassion and community which were at the core of President Franklin Roosevelt's New Deal and President Lyndon Johnson's Great Society.

Mr Mondale, his hands thrust into his pockets, his voice unwavering and no hint of regret in his eye, restated his conviction that this tradition should continue to be the foundation of the party.

Close associates of Mr Mondale such as Mr Duane Garrett, who wryly describes himself now as a former co-chairman of the Mondale-Ferraro campaign, doubt whether the former vice-president will seek elected office again. What is clearly apparent as the results came in on Tuesday night, however, is that the struggle over the philosophical foundations of the party's next presidential challenge has already begun.

Mr Bert Lance, the powerful chairman of the Georgia State Democratic Party, and undisputed political heavyweight in the South, said the Democratic Party, because of the cumulative weight of



Mondale, flanked by his daughter Eleanor and wife Joan, concedes defeat

interest groups, is moving in a different direction to the voters," a statement which represented a none too subtle attack on Mr Mondale and his special interest supporters, such as organised labour. "Pioneers get all the arrows,"

Mr Lance added, letting fly an arrow of his own at Mr Mondale's historic decision to choose a woman as a vice-presidential candidate. In Mr Lance's view, the "liberal" credentials of Ms Geraldine Ferraro damaged the

Democrats in the South, a region Mr Lance claimed as "now the mainstream" of the party but where the once-unchallenged Democratic establishment this time failed to carry a single state. From the West Coast, too,

another barren wasteland for Mr Mondale, Mayor Diane Feinstein of San Francisco warned that the party had "lost its hold on the middle class"—a different socio-economic group from the one Mr Mondale singled out for concern.

But as the evening wore on and Mr Reagan's personal triumph failed to transform itself into a crushing defeat for the Democratic Party in Congress, the assumption that the Democrats must throw overboard many of the traditions of the past was increasingly questioned.

Mr Tip O'Neill, the Democratic Speaker of the House of Representatives and the man who will have to bear the heaviest burden of defending the Democrats' political priorities in Congress, declared that "Mr Reagan has not secured a mandate" for a radical new political programme. Rather, he maintained, Democrats had been re-elected to "protect the (social security) safety net of the people."

Mr Garrett, surrounded by the knots of disappointed supporters lingering late into the night at the St Paul civic centre, maintained that Mr Reagan had not laid out a clear programme of steps to generate in his election campaign and for this reason too had not secured a convincing mandate for action.

It is a stance which raises the prospect of protracted trench warfare in Congress over forthcoming administration initiatives, including the question of how to resolve the massive federal budget deficit. The Republican Party is divided on this and other issues.

Mr Jack Kemp, a right-wing Republican Congressman widely seen as one of the strongest prospective challengers for the presidency in 1988, is making it clear that he sees the election as a mandate for continued efforts by the administration to solve the budget problem through faster economic growth and government spending cuts and not through a compromise involving tax increases.

Standing amongst the burst balloons on the floor of the St Paul civic centre, Ms Margaret Hoffman, a young party worker, conceded that "there is a real conservative swing in the country." She added, however: "It will ride itself out when we begin to hit the economic problems which the budget deficit is creating. It's a good thing Mr Mondale was not elected because he will not be blamed for these problems." But she maintained that there are lessons for the Democratic Party: "We need a candidate in future with charisma—the voters will not accept a boring person."

Democrats elected to curb conservative excesses

By Nancy Dunne in Washington

IF AMERICAN voters meant to present President Reagan with a mandate in Tuesday's election to continue his past policies, they failed to give him the Congressional means to act on it.

The Republicans suffered a net loss of two seats in the Senate but gained a slim 53 to 47 majority, and it is thought the Senate's ideological make-up will be overall less conservative.

While the President's party gained an estimated 15 seats in the House of Representatives (five elections are still too close to call), the number still falls far short of what the Republicans needed to give the President "working control" of the lower body in collaboration with the estimated 45 conservative Democrats. The House breakdown yesterday was projected as 253 seats for the Democrats and 182 for the Republicans.

Americans seemed to be giving President Reagan approval for a job well done on the economy, while telling Democrats to keep conservative excesses in check. Poll after poll in agreement with Democrats on issues ranging from the environment to abortion to equal rights for women.

Despite his extraordinarily personal Presidency, the President's famed coat-tails were visible mostly in the closest races and in the South, where Republicans gained House seats in

Georgia, Texas and North Carolina. One notable beneficiary was Senator Jesse Helms of North Carolina who linked himself with the President at every opportunity while tying his moderate opponent, Governor Jim Hunt, to Walter Mondale's liberalism.

After successfully exploiting anti-black, anti-union and anti-homosexual sentiments in his state, Senator Helms told his cheering followers: "You have sent a signal throughout the world that North Carolina is a God-fearing, Conservative state."

Losing Republican Senator Charles Percy, of Illinois, tried hard to benefit from the President's popularity but as a long-time moderate he was viewed as suspect by conservative state Republicans.

In a bid to make way for Senator Helms to take over the chairmanship of the Senate Foreign Relations committee, Illinois conservatives threw their support behind Congressman Paul Simon.

Senator Helms, as the most senior Republican now on the committee, is the prime contender for the chairmanship. If he takes up the position, the President would gain an ally in place of the less co-operative Senator Percy.

The President's coat-tails did not seem to be as long as he had hoped. Mr Helms, who had been referring to the election of four rising young Democratic stars in the U.S. east who won senate victories Tuesday night, Mr Bill Bradley of New Jersey, Mr John Kerry of Massachusetts, Mr Joseph Biden of Delaware, and Mr John D. (Jay) Rockefeller IV of West Virginia.

The four joined others around the country, like Mr Gary Hart of Colorado, who will seek to move the Democratic Party from its "new deal" past towards new approaches to the nation's ills. Dubbed the "Hart Democrats," their solution to the declining U.S. industrial base is usually founding technological development rather than vast government programmes.

They tend to differ from the Republicans on social issues but support a strong defence. "I regret that notion that you can't be for civil rights and a strong defence," Sen Biden said in an interview yesterday morning. "We need a smart government, not more government."

Democrats also won Senate seats in Indiana, where Congressman Tom Harkin beat out the incumbent, Senator W. Jepsen, a Conservative Republican, and in Tennessee, where Mr Albert Gore Jr., son of a popular former senator, won the seat left vacant by the retiring incumbent, Mr George B. Huddleston, a conservative Democrat.

apparently make a difference in some state elections, despite the stunning defeats of two sitting Republican Governors and the apparent election of a woman Democrat, Lt Governor Madeleine Kunin, in Vermont.

Republicans, however, captured eight of the 13 Governors' seats, representing a net gain of one, with Democrats holding 34 Governors' offices to the Republicans' 16.

In this year's elections, Republicans had hoped for an "historic realignment" of parties, which would put them firmly in control. This seems to have been defeated them.

"In every defeated area to be found the seeds of victory," Mr Walter Mondale told his subdued supporters. He could well have been referring to the election of four rising young Democratic stars in the U.S. east who won senate victories Tuesday night, Mr Bill Bradley of New Jersey, Mr John Kerry of Massachusetts, Mr Joseph Biden of Delaware, and Mr John D. (Jay) Rockefeller IV of West Virginia.

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apparently make a difference in some state elections, despite the stunning defeats of two sitting Republican Governors and the apparent election of a woman Democrat, Lt Governor Madeleine Kunin, in Vermont.

Republicans, however, captured eight of the 13 Governors' seats, representing a net gain of one, with Democrats holding 34 Governors' offices to the Republicans' 16.

In this year's elections, Republicans had hoped for an "historic realignment" of parties, which would put them firmly in control. This seems to have been defeated them.

"In every defeated area to be found the seeds of victory," Mr Walter Mondale told his subdued supporters. He could well have been referring to the election of four rising young Democratic stars in the U.S. east who won senate victories Tuesday night, Mr Bill Bradley of New Jersey, Mr John Kerry of Massachusetts, Mr Joseph Biden of Delaware, and Mr John D. (Jay) Rockefeller IV of West Virginia.

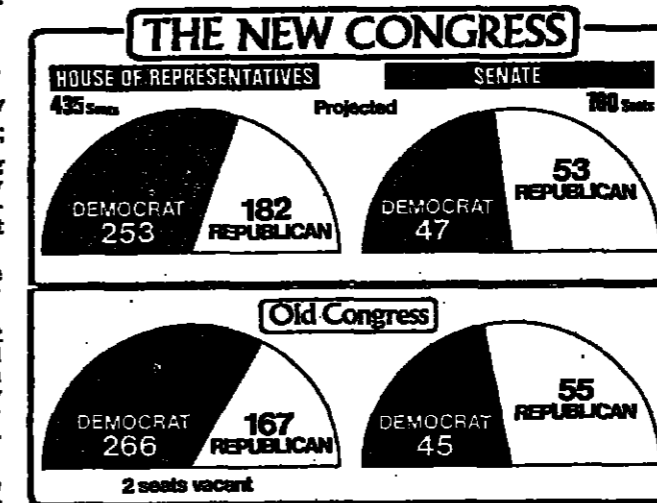
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Congressman, handily trounced liberal legislator Lloyd Doggett, and Republicans made other state-wide gains.

This was not a great year for women, although they managed to hold on to 20 House seats and gain two or three more. However, eight women went down to defeat in Senate races. The only winner was Kansas Senator Nancy Kassebaum, an incumbent and for years, the only woman Senator.

Although the age issue made no headway against the President, it seemed to have defeated Mr Clarence Long, 75-year-old Democrat who chaired the House Appropriations Committee.

Mr Long has been a strong supporter of Jose Napoleon Duarte, El Salvador's President and erratic on support for foreign aid to the region.

His loss could bring to power Wisconsin representative David Obey, a liberal who is more skeptical about U.S. aid and somewhat less sympathetic to Israel.

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Bush takes a rough ride in race against a woman

By Reginald Dale, U.S. Editor in Washington

THE Vice-Presidency of the U.S. is an "indoor job with no heavy lifting," Mr Robert Dole, Republican Senator, once said.

Mr George Bush, however, has found himself obliged to do a great deal of "heavy lifting" in the last few weeks.

Mr Bush has had to face up to the unfortunate fact that, for the first time in U.S. history, his job has been challenged by a woman. It has not been easy for him.

Jokes about Mr Bush's "manhood" ran rife in the last few days of the election campaign. The satirical cartoonist Doonesbury portrayed him as a "manhood" issue, even put it (in his manhood) in a "blind trust," where he could not see it, like the rest of his personal investments.

It is particularly tough that Mr Bush has been challenged on the "manhood" issue, given that he has for years tried to shake off a reputation as a "preppie wimp"—perhaps best translated as a wet, upper-middle-class twit.

Mr Bush is reported to have burst into tears when he was told that it looked as if Mr Ford would pip him at the post.

But, as a potential presidential replacement, Mr Bush is largely untested. He has a curriculum vitae that includes the posts of U.S. Ambassador to the United Nations, chairman of the Republican National Committee, chief of the U.S. liaison office in Peking and director of the

nuclear policy. The main impression he left, however, was one of slavish adulation for Mr Reagan.

Mr Reagan was "wonderful," "marvellous," "excellent," Mr Bush declared with breathless over-enthusiasm. One of Mr Bush's main problems in the last three months of campaigning has been to try to appear loyal to Mr Reagan while maintaining some sense of his own independence. He is widely expected to seek the Presidency in 1988.

Mr Reagan chose Mr Bush as his vice-presidential running mate only after falling in an attempt to strike an historically unprecedented deal with former President Gerald Ford at the 1980 Republican Convention in Detroit.



Bush... loyal to Reagan

Central Intelligence Agency. But he did not really do any of those jobs for long enough for the American public to form much of an opinion about how good he was.

His race with Ms Ferraro has forced him to take refuge in the so-called locker-room terminology of "kicking a little ass"—which is supposed to appeal to white male voters, and probably does.

Few Americans, however, seem ready to face up to the possibility that he might one day be President.

Western European leaders yesterday hailed President Reagan's landslide re-election as providing an opportunity for improving east-west relations and resuming disarmament talks between the U.S. and the Soviet Union, writes Robert Mauthner, Diplomatic Correspondent.

In one of the warmest personal tributes to Mr Reagan made by any leader, Herr Helmut Kohl, the West German Chancellor, said the re-election of the U.S. President, "a much misunderstood man," was very much a personal success. "I am sure that, with this

'Reaganomics' faces toughest test

By Stewart Fleming

THE ominous economic problems Most economists would cite in this category the huge budget and trade deficits and the danger that economic growth could peter out in coming months.

There is widespread agreement among economists that what is needed to put the domestic and international finances of the U.S. on a sounder footing, is firm steps to set the Federal budget deficit on a downward path.

A path which is achievable without making the sort of optimistic assumptions about the pace of economic growth, the level of interest rates, and the rate of inflation over the next five years, which the Administration has been forced to assume to be able to predict that the deficit will decline to \$140bn (\$113bn) by 1989.

Mr Reagan says all that is needed is "More of the same," namely more economic growth to whittle away the deficit.

However, the explanations for the shift in election strategy is not hard to find. Unlike his predecessor, Mr Reagan has been able to afford the luxury of running on an economic message—including Mr George Bush before his selection as Vice-Presidential running mate.

It is an approach which has served Mr Reagan well in the election campaign. Not only has he been able to sidestep the debate about where the economy is heading, a debate which would inevitably have allowed Mr Mondale to focus on

the only politically palatable mixture for getting the deficit down.

While the election strategy for turning a blind eye to the economic dangers ahead may have helped Mr Reagan get re-elected, it has removed the White House from the leadership role which many on Capitol Hill believe is essential for the decisive action on the deficit.

The implications of this are that the burden of economic management will again fall on the Federal Reserve Board and its monetary policy. This comes at a time when the international debt crisis and the weakness of domestic financial institutions, the farming and energy sectors severely limit the scope the Fed has to raise interest rates should that be necessary either to curb inflation or defend the dollar.

The financial markets, both fixed interest and equity markets, are likely to remain volatile and vulnerable to swings in confidence. Even the continuation of good news on inflation will have a limited impact on lowering interest rates because of concern about the dangers which still lie ahead.

By not rallying the nation behind a programme for addressing the budget deficit, the second Reagan Administration is coming into office without a clear economic policy mandate and is running the risk that, unless he begins to take the lead the President will be seen as a "lame duck".

Japan yesterday gave a warm official welcome to President Reagan's victory partly because Mr Mondale was seen in Tokyo mostly as a trade protectionist and thus a greater threat to national well-being, writes Jurek Martin in Tokyo.

However, an unusual public expression of concern came yesterday from the private sector. Mr Ichiro Isoda, chairman of Sumitomo, Japan's third largest bank, said bluntly that "to the foreigner's eyes the new Administration looks to have well overdone problems to solve."

Lacklustre final act in Ferraro roadshow

By William Hall and Paul Taylor

"WE ARE bursting with pride at the magnificent performance of a woman from Queen's of a great Democrat and a great American. We are going to be hearing an awful lot from her in the years ahead. With these words, Mrs Ferraro, New York Governor, introduced the final act of Geraldine Ferraro's historic campaign on Tuesday night.

Although the Mondale/Ferraro ticket managed to carry New York's five boroughs, the Hilton Hotel command post of the New York Democrats was a depressing place to be on Tuesday night as news of the Republican landslide poured in.

Around the corner at the Sheraton Centre, the New York Republicans had started their party by 8 pm, but Mrs Ferraro's loyal followers were definitely not in a partying mood.

Mayor, Ed Koch, Senator Daniel Moynihan and others hung around for the last rites of the Democratic campaign to be read before drifting off into the night.

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Kremlin looks for practical action to ease world tension: Europe welcomes opportunity to improve East-West relations

Moscow moves to belittle scale of Reagan's victory

THE SOVIET leadership yesterday appeared depressed rather than surprised by President Reagan's overwhelming re-election, but the media moved quickly to belittle the scale of his electoral majority, writes Patrick Cockburn in Moscow.

The Tass news agency said that, contrary to Republican claims of a nation-wide mandate for Mr Reagan, it was neither "nation-wide" nor "a mandate."

Just as in the 1980 election, Tass said "a minority of Americans who have the right to vote voted for Reagan." It pointed out that 50m Americans eligible to vote never registered to do so, an implied contrast to the Soviet Union which produces virtually total turnouts.

In a congratulations telegram signed by the President of the Supreme Soviet, the Soviet leadership jointly expressed its desire "to rectify Soviet-American relations on the basis of equality and respect for each other."

At a Kremlin reception for ambassadors, Soviet President Konstantin Chernenko said the time had come for practical action to ease world tension.

The most significant change wrought by Mr Reagan is the enormous increase in U.S. defence spending to an annual total of \$75.7bn (\$64.5bn) at the end of the first three years of his term.

The Kremlin must be concerned that, under the impact of Mr Reagan's new mandate, Congress will continue to vote similar defence budget increases.

The acute problem for Soviet leaders is that they cannot hope to match U.S. military spending without a massive re-allocation.

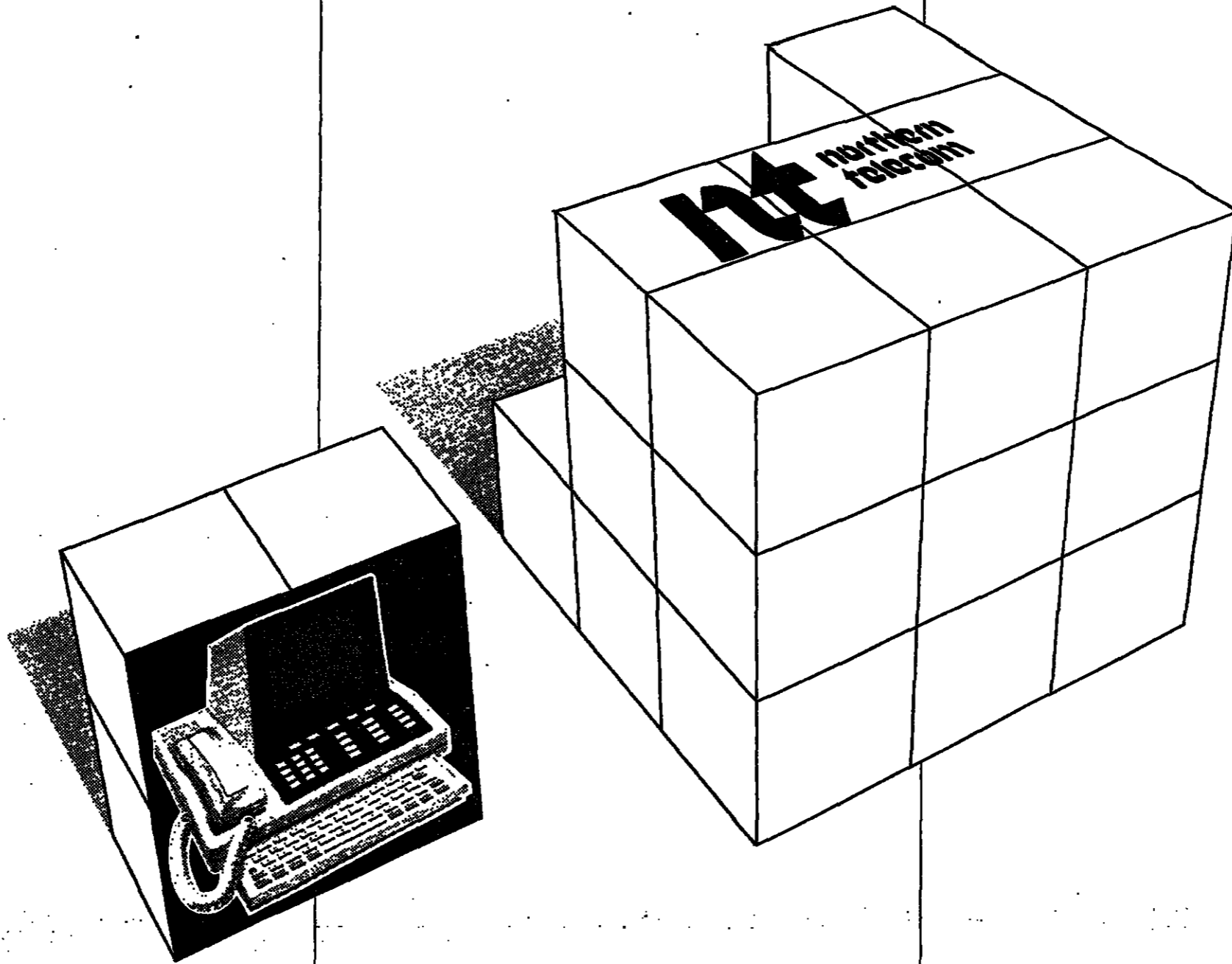
Yet in other terms Moscow has suffered surprisingly little from four years of President Reagan. The balance of power between Washington and the Kremlin remains much as it was in 1980.

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NORTHERN TELECOM. BUILDING THE TELECOMMUNICATIONS FUTURE.



DIGITAL TECHNOLOGY TODAY: THE FUTURE OF COMMUNICATIONS.

Global communications are on the threshold of being transformed. Someday people everywhere will be able to instantaneously transmit voice, data, and images across a city or around the world. Northern Telecom has named this emerging international communications network the Intelligent Universe.*

These future communications networks will be based on digital technology—a form of binary pulses that translate every form of information into uniform codes of electrical pulses. However, for nearly a century the telecommunications industry has been based on analogue technology, suitable primarily for voice transmission.

◆ THE FIRST COMMITMENT TO FULLY DIGITAL SYSTEMS

In 1976, Northern Telecom triggered the current communications revolution. It announced its Digital World,* the global telecommunications industry's first corporate commitment to families of fully digital switching and transmission systems to handle all information, including the human voice, in a common format—the language of the computer.

For the first time, the telecommunications and computer technologies were effectively merged.

◆ WORLD LEADERSHIP IN DIGITAL TECHNOLOGY

Every other international manufacturer has since followed Northern Telecom's lead. However, its

commitment to fully digital systems, and its annual investment of nearly 10 percent of world-wide revenues on R&D, have kept Northern Telecom technologically two-to-three years ahead of any competitor.

Today, Northern Telecom is extending its leadership in digital telecommunications by developing new integrated circuits and software which constantly evolve and enrich its proven systems. Northern Telecom has some 18 million equivalent lines of fully digital Digital Multiplex Systems (DMS*) and private branch exchanges, in service or on order, in 50 countries. It is by far the largest supplier of fully digital systems in the world.

Northern Telecom's customers include all major telephone companies across North America, including Bell Canada, all 22 of the U.S. Bell operating companies, the specialized common carriers, the U.S. military, the health and hotel industries, governments, and PTT's in Europe, the Middle East, Africa, Asia, the Caribbean, and Latin America.

Northern Telecom has developed and manufactured the most complete line of fully digital telecommunications systems in the world—the DMS-1, DMS-10, DMS-100 Family of central office digital switches and the SL* Family of digital business communications systems.

When the DMS-100 Family was introduced in 1979, it offered about 300 features. Today, as new capabilities and members of the family are added, it has some 1,500 features. And the total continues to grow while other manufacturers are still introducing their basic systems.

◆ MEETING THE NEEDS OF THE INFORMATION AGE

The SL Family, which can meet the needs of organisations for 30-to-30,000 telephone lines,

will serve as network controllers for voice, data, and other forms of information in Northern Telecom's OPEN (Open Protocol Enhanced Networks) World.*

The OPEN World, announced in 1982, comprises a planning framework, new products, and enhancements of established DMS and SL systems, to address the growing market for improved information management. In the OPEN World, the DMS and SL families function as the office controller, linking Northern Telecom's systems with those of other manufacturers in efficient, cost-effective communications and information networks.

Northern Telecom has already made the proprietary protocols to its switching systems available to the Wang, Sperry Univac, Digital Equipment, Hewlett Packard, and Data General corporations to develop compatibility between their products in the fields of voice and data communications and office automation. The OPEN World will be able to accommodate most types or makes of equipment, allowing all major office-communication functions to be undertaken on one integrated system.

Through the Digital World and the OPEN World, Northern Telecom has become the global leader in creating the Intelligent Universe.

For more information on Northern Telecom and its products contact: Northern Telecom plc, Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.



*Trademark of Northern Telecom Limited.

THE LARGEST SUPPLIER OF FULLY DIGITAL SYSTEMS IN THE WORLD.

WORLD TRADE NEWS

Peking writes new chapter for book trade

BY COLINA MACDOUGALL

BOOK exports to China are about to rocket to values which will bring significant profits to British and U.S. publishers and open a new stage in modernising Chinese education.

A World Bank loan of \$5m (£3.5m) to Chinese universities, plus a sum likely to equal that from the Chinese Government, will be spent in Britain and the U.S. over the next few years, with Britain capturing perhaps 40 per cent of the sales. About half the value may go to periodicals.

An important exhibition, the first of its kind, of over 9,000 British scientific, technical and medical books, was held in Peking last August. It was mounted by six of China's 130 most-favoured

universities known as the "key schools."

The books were selected by the Book Development Council, part of Britain's Publishers' Association. A British publishers' delegation, headed by Brian Bennett, vice-chairman of Edward Arnold (Publishers), attended the exhibition. The group included Robert Maxwell's Pergamon Press which plans to open an office in Peking to handle periodicals sales.

China has rationalised its book-buying system to speed up the introduction of modern science and technology. With special permission from Premier Zhao Ziyang, the "key schools" have set up a special book fund acquisition department. Under the new arrange-

ments, the key schools will satisfy their book needs first, to be followed by the remaining 630 universities in relays.

A Chinese delegation concerned with scientific and technical books is expected in London at the end of this month. This follows the Chinese publishers' group which came in October. Such visits should preclude time-wasting errors such as the recent effort to order a book on Marx which had been out of print for 40 years.

Sales of contemporary English literature are not expected to burgeon. When asked what modern English writers were popular in China, the elderly leader of the recent delegation, Mr Wang

Ziye, replied "Bernard Shaw and Ibsen."

Foreign publishers remain concerned about the huge scale in China of unauthorised reprinting, as pirating is more correctly called there since China so far has no copyright law. Foreign language bookstores have a locked section which no foreigner is allowed to enter.

Many Chinese still consider it a compliment to tell a foreigner, as one British metallurgist was recently informed, that his book had been reprinted by the thousand in China. However such reprints are seldom if ever exported.

Peking has drawn up copyright legislation which it is hoped to enact within the next



Premier Zhao Ziyang

few years. But the Chinese say they will not do so until they can train staff for a 1,000-strong agency to police it.

"The new law will probably include stipulations for some sort of payment per copy to the author," said Mr Bennett. "But given the likely size of the reprint and China's developing status, it won't be as much as it is here."

Sweden looks to China with a gleam in its eye

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDISH INDUSTRY is confident of securing substantial orders from China in coming months as companies reap the benefits of a series of intensive bilateral trade discussions.

Sweden is benefiting from China's wish to limit its dependence on the superpowers, according to Mr Mats Hellström, the Trade Minister, who led a Swedish trade and industry delegation to China three weeks ago.

Major projects were Sweden hopes to be awarded contracts include:

- Telephones
- Ericsson, the telecommunications group, has reached an advanced stage in negotiations with the Chinese to supply telephone lines worth SKr 400m (£37.6m). A decision is expected before the end of the year. Ericsson has also offered to transfer technology to China with the establishment of a

software centre in Peking.

- Locomotives
- Asea, the electrical engineering group, is negotiating for a SKr 1.3bn order for railway locomotives, on which a decision is expected before the middle of 1985.

- Food processing
- Alfa-Laval, the process engineering and dairy equipment group, is negotiating several projects including plants for producing orange juice, soya bean milk and vegetable oils.

- Mining equipment
- Atlas-Copco, the mining and construction equipment manufacturer, has already sold drilling equipment for SKr 200m in recent months to the Chinese Ministry of Railways, and further orders are under negotiation.

China still accounts for only a tiny share of Sweden's foreign trade, but Swedish exports to China are growing fast. Last

year they increased by 134 per cent to SKr 878m and a further modest increase has been achieved this year.

Several Swedish companies and financial institutions have established offices in Peking and a small number of joint ventures are proceeding smoothly. China is one of the countries that benefits most from Sweden's concessionary credit system for supporting development projects.

Five such projects with a credit volume of around SKr 200m have been approved and another four are being seriously appraised. The projects approved include the modernisation of a paper plant in Peking (KMW, part of the Johnson group), construction of a fibre board plant (Sunds Defibrator, part of SCA), modernisation of a cemented

carbide plant (Sandvik), plus two more that are still to be contracted in paper and telecommunications.

The projects have arisen out of a Swedish/Chinese technical co-operation programme. The trade and industrial deals have received strong political backing by both Governments.

Five pharmaceutical companies led by Astra were the first Swedish concerns to establish a joint venture in China. They are building a \$14m pharmaceutical plant with laboratories and offices due for completion in 1986.

Tetra Pak, the Swedish packaging group, hopes to conclude an agreement by the end of the year covering the licensing of its packaging systems and supply of machines.

Industrial links between Sweden and China have also begun to take on a new form in

recent weeks with indications from China that they are interested in taking equity stakes in Swedish industry, if this can help to deepen co-operation.

They are now being followed by Kanthal, a Swedish engineering company and the world market leader in the manufacturing of heating wire and heating elements.

By the end of the year Kanthal expects to sign two joint venture agreements.

The latest crop of orders from China includes a contract won by Volvo to supply 200 taxis to Guangdong.

According to Mr Percy Barnevik, Asea chief executive, "China's ambitious investments in the rapid modernisation of industry, power systems and railways offer great opportunities for Sweden to contribute to the establishment of modern Chinese industry."

Boom in Brazilian vehicle exports

By Andrew Whitley in Rio de Janeiro

BRAZILIAN VEHICLE exports are rising strongly, according to industry figures released yesterday, and are expected to reach a record \$1.8bn this year.

Sr Andre Beer, president of the national vehicle manufacturers' association Anfavea, said the result would have been even better if it had not been for strikes earlier this year in West Germany and the U.S., the major export markets for Brazilian vehicle engines.

Exports last month were an exceptionally high \$177m, 58 per cent higher than September and 50 per cent above the same month in 1983. In the first 10 months of this year the multinationals based in Brazil exported over 162,000 vehicles, worth \$1.3bn, 20 per cent up on the same period last year.

The strong performance of the export sector compensated for a continuing poor outlook for the domestic market, despite good sales in October. Thanks to the launch that month of 1985 models and the introduction by Volkswagen, the market leader, of its Santana luxury car, domestic sales last month were the highest for a year.

Sr Beer nevertheless forecast that total vehicle sales in Brazil in 1984 would be 4 to 5 per cent down on 1983—a poor year for the industry. Production reached its all time peak in Brazil of 1.16m vehicles in 1980. But the market collapsed the following year when the domestic recession took hold, and it has recovered only slowly.

MPs challenge UK refusal to use aid for military exports

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government's apparent refusal to use aid money to boost the export of military equipment was challenged by MPs yesterday.

Mr Robin Maxwell-Hyslop, Conservative chairman of the Trade and Industry Select Committee, demanded to know whether what he called this "alleged policy" had ever been stated by Ministers.

He also asked witnesses from the Export Credits Guarantee Department how Government policy was communicated to them.

Mr Fred Chapman, under secretary at the Department, replied that he could not from memory say whether any public statement had been made.

"I am aware that in practice we don't involve ourselves in aid and trade credit deals on military sales."

But he agreed that if the "inhibition" were removed, the ECED would support the mixed credit in the usual way.

Mr Maxwell-Hyslop said he was "very disturbed" about the alleged policy referred to in a committee of inquiry report on the future of the ECED.

"I am concerned because a significant part of this coun-

try's exports are military equipment, particularly to South America." He said he recalled that the U.S. had once got its allies to agree not to sell super-sonic aircraft to South American countries and had then supplied them itself.

A spokesman for the Overseas Development Administration, which controls the aid and trade budget, later confirmed that none of its aid money was available for military sales.

The Government in principle opposes mixed credits—used most prolifically by France—on the grounds that they create distortions in the international market. But aid is sometimes used to secure credit terms in order to match a bid from a competitor country.

Industrialists, especially in the defence and capital goods field, are arguing for a bigger trade-related aid budget.

Last year only \$33m was disbursed in this way, and \$63m the year before. Controversy over this type of export subsidy has broken out in the OECD, with the U.S. taking a particularly tough line in an effort to get the practice stamped out.

EEC traders attack plan for Spanish citrus imports

BY IVO DAWNAY IN BRUSSELS

EUROPEAN FRUIT traders have launched a vigorous attack on the Community's plans for restricting imports of Spanish citrus to the Ten after Spain joins the EEC.

A letter sent to Mr Peter Barry, the Foreign Minister currently leading the EEC's negotiating team, claims that the Community's position reflects "close national interests" to the detriment of the European consumer.

The Fruit and Vegetable Traders Union warns also that the tough EEC line will serve only to hurt Spain while supporting poor quality Common Market producers.

The intervention of the fruit traders endorses the Spanish

argument that the Community's accession terms for citrus merely damage its industry without any benefit to the EEC.

Under the Community plans, all fruit and vegetables, regardless of whether they are designated "sensitive" to the interests of domestic producers, will be subject to a ten year transition period before all has argued that because it already supplies about 40 per cent of the Community market and only a small proportion of EEC demand is met by internal producers, there is no case for continued restrictions after accession.

Saudi chemicals warning

BY JOHN WICKS IN ZURICH

A FURTHER warning on the dramatic impact of Saudi Arabia's new petrochemical industry on the sector worldwide has been issued by SRI International, the U.S. research institute.

At an SRI symposium in Zurich this week, it was stated that Saudi Arabia and other new producers would account for almost 4.2m tonnes a year of new polyethylene capacity between 1983-85. Polyethylene is used to make a wide variety of domestic and industrial goods, from rubbish bags to construction materials.

According to Dr William K. Johnson, director of the institute's petrochemical department, this compares with cur-

rent total world exports of this product of only some 2.8m tonnes. New Saudi-Arabian capacity alone would, he added, account for about one quarter of today's overall export tonnage.

Much of the new capacity was intended for world trade, said Dr Johnson, which would have an impact on such traditional suppliers as the U.S. and Europe.

By 1987, Kenneth B. Sinclair, an SRI economist, puts name-plate capacity for polyethylene in the free world at 22.9m tonnes per year and actual production at something over 13.8m tonnes. Corresponding West European figures were given as 7.1m and 6.02m tonnes, respectively.

Swedes to build floating hotel

CONSAFE of Sweden, which hitherto has chiefly been involved in the operation of offshore accommodation platforms for the oil and gas industry, is planning to build the world's first floating five-star hotel, writes Kevin Done in Stockholm.

The group has signed a preliminary agreement with businessmen in Queensland, Australia, to build a 175-room hotel known as a "Coastal" which will be permanently anchored in open sea beside the Great Barrier Reef, 45 km off the coast.

Consafe intends to hold a 20 per cent interest in the project which could cost around SKr 200m. It is planned to open the hotel in March 1986. Final permission from the Australian Environment Department is not expected before the end of February next year.

"The stream of tourists going out to the reef is already growing strongly, and it will increase even more when they can stay overnight," said Consafe yesterday.

APPLE SINGS THE PRAISES OF THE REGIONAL PRESS

Mike Spring, Marketing Manager of Apple Computer, takes the microphone.

"When we launched our Macintosh computer this year we knew we'd only sell them if we could get people to try them.

"So, we ran an ad in the regional press. It featured a competition, with Macintosh computers as prizes, and the only way to get the questions right was to nip down to an Apple dealership and use one of the new computers."

Mike Spring expected a reasonable response to the campaign. He was so, so wrong.

"We were overwhelmed. Over 3,500 replies came in as a result of a simple local ad," he explains.

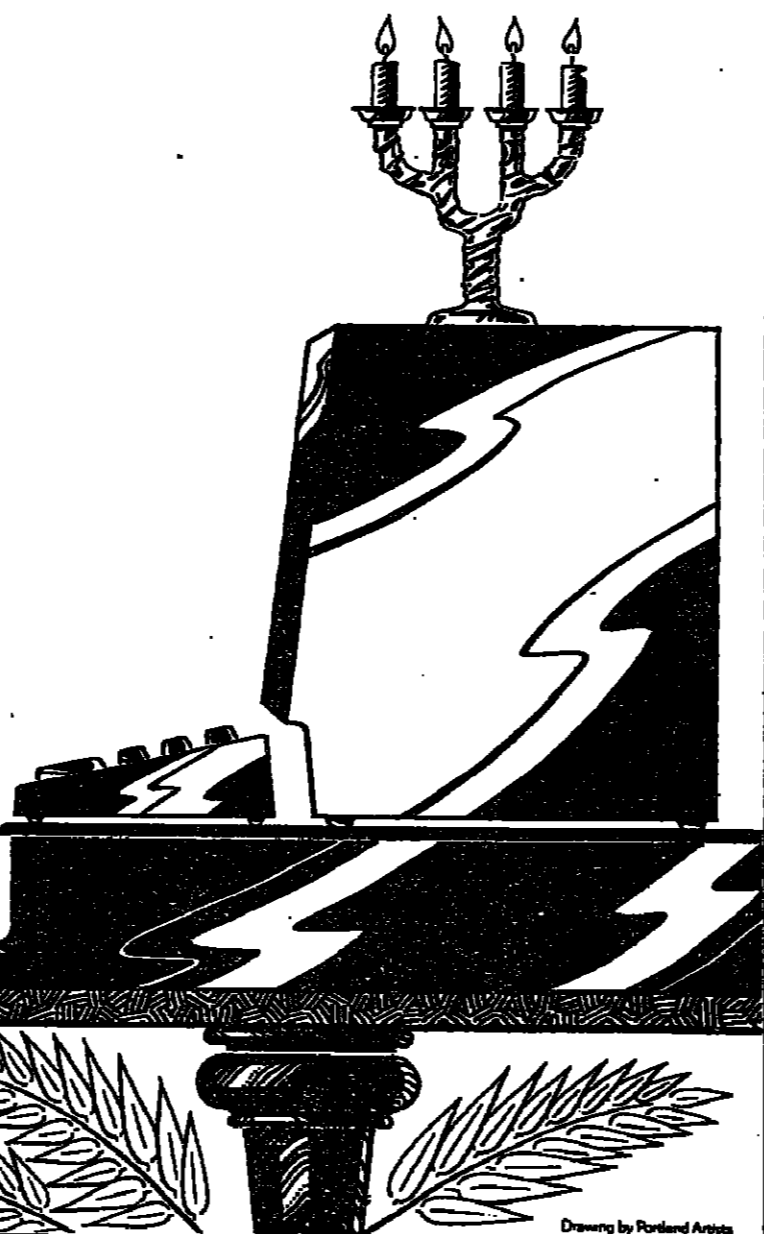
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UK NEWS

Edwardes to become new chief at Dunlop

SIR MICHAEL EDWARDS, the former chairman of ICL, the state-owned vehicles group, and of ICL, is expected today to be appointed chief executive of Dunlop, the tyre and rubber products company.

Mr Robin Biggan, who was the finance director of ICL - the British computer manufacturer - until its recent acquisition by Standard Telephones and Cables, is expected to become finance director at Dunlop.

Neither Sir Michael nor Mr Biggan was available for comment yesterday.

Sir Maurice Hodgson, chairman of Dunlop since the beginning of this year, yesterday repeated his view that he and Sir Michael would approach Dunlop's problems in different ways.

Management changes have been one of the main conditions on which Dunlop's 46 bankers have been insistent as the troubled tyre-maker prepares for one of the largest financial restructurings yet undertaken by a British manufacturing company.

Sir Michael, who is 54, left ICL after takeover terms had been agreed with STC in August.

COMPANIES are being asked to supply the Office of Telecommunications (OfTel) with evidence of uncompetitive practices by British Telecom in the supply of apparatus.

OfTel will shortly publish a document on the supply of apparatus which indicates areas where it believes there is concern, and asks for help in identifying practices.

BRITISH GAS has signed its first winter-only contact supply contract from a North Sea gas field. The price paid for gas from the Sean North and Sean South fields is believed to be about 24p a therm - in line with recent supply agreements from the Victor field.

MR ERIC HAMMOND, general secretary of the Electrical, Electronic, Telecommunications and Plumbing Union (EETPU), is seriously considering seeking membership for the union of Britain's main employers' organisation, the Confederation of British Industry (CBI).

The move, which would be unprecedented for both the CBI and for a union affiliated to the Trades Union Congress, follows Mr Hammond's address to a fringe meeting at this week's CBI conference. His speech on "no-strike" agreements with employers was widely praised by the industrialists and he commented that it was a pity he had not been allowed to take part in the main conference debate.

CBI officials are studying its founding charter to see whether a union could join. It is pointed out that the union is itself an employer of its own staff.

BIRMINGHAM is hoping to hold international car road races on a circuit running through the central part of the city. The city council has voted in favour of the scheme, but a private Bill must be passed by Parliament to remove speed limits.

Road races have been successful in U.S. cities such as Dallas, Detroit and Long Beach. Birmingham believes it could generate annual revenue of at least £10m.

MR RON (R.I.E.) BLASS, vice-chairman of Penguin Books part of the S. Pearson group which includes the Financial Times, has died. He was 61.

Unions at Austin Rover defy court orders

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION LEADERS representing 28,000 workers at Austin Rover, the volume car subsidiary of state-owned BL, decided yesterday to continue a pay strike in defiance of High Court orders that the strike must be called off until secret ballots are held.

The strike, which began on Monday, has halted production. Pickets were on the gates yesterday at the two key assembly plants of Cowley, Oxford, and Longbridge, Birmingham.

The company has offered a 10.2 per cent pay rise over two years and the unions are seeking up to 20 per cent over 12 months.

The court orders were made on

Tuesday against six unions. Austin Rover had applied for the orders under the new Trade Union Act. It is the first large employer to have started legal action under the Act and its move followed argument over the votes to strike taken at mass meetings last week.

The union negotiating committee, after an emergency meeting in Coventry yesterday to consider the legal action, made clear that the "industrial situation" remained unchanged.

Mr Grenville Hawley, the national automotive secretary for the Transport and General Workers' Union, said the legal matters would be dealt with by each of the union executives.

His own union was taking legal advice. The transport union, because it is bound by a decision of its delegate conference not to cooperate with the new trade union legislation, will find it difficult to comply with the High Court order.

Austin Rover now faces the key decision of whether to urge the High Court to enforce the orders. If the unions are held to be in contempt of court they could face fines or, in the event of non-payment of the fines, seizure of their assets. They could also be liable for claims for damages.

Rather than risk a legal confrontation, Austin Rover may prefer to

be patient for a few days. The hope could be that union attitudes may shift both under the threat of legal action and signs of a demand by many employees to return to work.

The concern of union leaders at placing their funds at risk was underlined yesterday by Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers (AUEW). He said his union was "trying to find ways and means of getting out of a very difficult situation because we suffered in 1974 from sequestration of assets and we are going to avoid a repetition."

But in a statement issued after a special meeting of his executive, Mr Duffy said the engineering union

would be opposing the action in the High Court. The union will submit affidavits to the court today.

Mr Duffy said only the executive committee could make a dispute official. Until such a decision was taken, no one could suggest the present action at Austin Rover without the authority of the union.

Also appearing in court today will be the Electrical, Electronic, Telecommunications and Plumbing Union, which has already instructed its 800 members at Austin Rover to cross picket lines and resume work. The electricians' union, regardless of the new legislation, requires a ballot under its rules before it authorises strike action.

Pressure by TUC may reopen talks on miners' stoppage

BY OUR LABOUR STAFF

A GROUP of Trades Union Congress (TUC) leaders is pressing for a direct approach to the Government on the miners' dispute.

This was seen last night as a prelude to reopening negotiations on the dispute with a much stronger input from the TUC than has been seen so far.

Although they are by no means united on an approach, Mr Norman Willis, general secretary, said after a meeting yesterday of the TUC's finance and general purposes committee: "No one believes there is a solution other than a negotiated settlement. We have got to get negotiations going again." The development came as:

● The National Coal Board (NCB) said that the accelerated return to work in the coalfields was continuing, with a further 404 miners returning yesterday - bringing the total 'new faces' this week to more than 1,600.

The board said that the increasing return was because of miners' "despair" over the dispute. Some NUM officials agreed that cracks in the miners' solidarity were widening.

Mr Peter Walker, Energy Secretary, said he regarded as "very significant" the number of miners returning to work. Mr Ian MacGregor, NCB chairman, said he was very pleased by the drift back. Mr Walker, speaking after a national conference in Birmingham on energy efficiency, said that power station stocks of coal rose last week by more than 100,000 tonnes - by far the biggest jump since the coal strikes began.

He said this was partly due to the NCB's higher output, which had also hit a weekly record in the dispute, and which put the electricity

industry "in a very strong position" over maintaining supplies of power. Mr Walker gave his full support to Mr MacGregor, who he introduced to the conference as a man of "great vision," and said: "I have no criticisms of him."

● Two working miners have issued a writ against the Yorkshire area of the NUM and its five trustees. They are asking the High Court to appoint a receiver to replace them on the basis of alleged misuse of the area's funds. The writ also seeks orders making the trustees personally liable for repaying the millions of pounds spent by the Yorkshire area in prosecuting the strike.

Mr Neil Kinnock, the Labour leader, yesterday rounded off left-wing critics of his role in the dispute with a robust warning that the miners could be leading Labour to a "Gallipoli - we are not interested in a glorious defeat."

Mr Kinnock came under attack at a meeting of the parliamentary Labour Party, where left-wingers criticised his decision not to attend a series of miners' rallies organised by the NUM.

The exchanges at the meeting underline the party's growing apprehension over the outcome of the dispute, and its implications for the whole Labour movement. Few in the party, even among those on the left, believe that the NUM can now hope to secure more than a face-saving compromise - while many feel that it will be lucky to be offered that much.

Many fear that the Government, sensing it has the miners on the run, will no longer be amenable to compromise - in that case, they feel that the NUM's leadership may not begin to give way at least until early spring.

Lloyd's syndicates face tax inquiry

BY JOHN MOORE, CITY CORRESPONDENT

THE INLAND REVENUE is investigating in detail financial arrangements of all 430 insurance syndicates operating within the Lloyd's insurance market in an effort to identify undisclosed tax liabilities.

Mr Peter Miller, chairman of Lloyd's, told a general meeting of members yesterday that he believed "the Inland Revenue to be committed to a wide examination of the points at issue, syndicate by syndicate."

It is the Inland Revenue's first extensive investigation into the affairs of Lloyd's and its inquiries centre on three main areas:

● The establishment of reserves at Lloyd's, which are a tax-allowable item and which stand at £2.7bn. The reserves, formed through a "reinsurance to close" item, are being studied by the Revenue to see whether the basis of calculation carried out by underwriters is a fair one.

● A form of reinsurance arrangement in the market, known as "time and distance" policies.

● Rollover funds established offshore by underwriters, where Lloyd's says £100m is in dispute with the Revenue.

Mr Miller told the meeting the Revenue has challenged some of the items in the 1981 accounts of some agents and as a result underwriting members have had estimated assessments.

"What more may be involved in

the Revenue's examination, I cannot say. Certainly not all syndicates will be involved, but it is possible that in some instances the Revenue may assert entitlement to tax and interest for earlier years," Mr Miller said.

In the elections to Lloyd's ruling council three of the external members who already had places on the council, and who had to seek re-election under Lloyd's rules, gained places.

They are Mr Christopher Davidge, a landowner and company chairman, Mr Colin Ballieu, a business consultant, and Mr Robert Elborne, a solicitor.

The new external member who gained a place is Mr John Andrews, former chief executive of Brandts, the merchant bank. He was supported by a strong lobby of individual banks and a large number of underwriting agents who urged members of Lloyd's to vote for him.

The working members of Lloyd's who were elected to the council are Mr Henry Dobinson of Robert Bradford (Underwriting); Mr Richard Ballantyne of Sedgwick Forbes (Lloyd's Underwriting Agents); Mr Peter Daniels of Lambert Brothers (Underwriting Agents); and Mr Alan Parry of Carter Brito e Cunha.

Mr Davidge was the only candidate of the three supported by the Association of Lloyd's Members to gain a seat.

Belgrano inquiry ruled out

BY ROBERT GRAHAM

THE GOVERNMENT is unwilling to issue a White Paper (policy document), on the controversial sinking of the Argentine cruiser General Belgrano, which was torpedoed by a British submarine during the Falklands War. More than 50 lives were lost.

Mr Michael Heseltine, yesterday ruled out such a move when pressed to do so by members of the House of Commons foreign affairs committee. He was invited to appear before the committee to clarify Defence Ministry statements on the sinking and vigorously denied suggestions of a cover up.

The committee has been taking evidence on the sinking of the cruiser, and seeking to determine whether this action can be linked to the failure of Peruvian peace proposals being pursued at the time.

Mr Norman St John Stevas, former Tory Cabinet minister, closely questioned Mr Heseltine on the need to allay public concern over events surrounding the sinking of the ship which was outside a 200-

mile exclusion zone when attacked. Mr Heseltine said that no fuller account could be given than that already available without damaging national security.

Defending the decision to sink the ship, Mr Heseltine said Britain had informed the United Nations Secretary-General that it reserved the right to take action against Argentine warships. The attack had been entirely justified, he said. "Warships are not pleasure vessels. If you have heavily armed carriers or ships like the Belgrano in a potentially hostile situation, they are a threat."

Mr Heseltine also denied that there were any embarrassing revelations in a log book which was missing from HMS Conqueror, the submarine that sank the Belgrano. He did not explain how the log had disappeared, but said there were two logs, the helmsman's which was missing and the captain's which was not.

Any suggestion that the missing log contained full operational de-

tails at the time the cruise was sunk was wrong, he said. "It was a technical record kept by the officer of the watch, recording depth, speed and direction."

In the House of Commons yesterday, Mr Heseltine said that some Labour MPs were using information provided by "former enemies" of Britain in pursuing their campaign over the sinking of the Belgrano. Mr Dennis Davies, Labour's defence spokesman, accused Mr Heseltine of trying to downgrade the importance of the missing log which, he argued, might contain details of the movements not only of HMS Conqueror but of the Belgrano during the period when the Government's critics claimed it was heading for an Argentine port and did not constitute a threat to British forces.

Mr Heseltine insisted that it would be wrong to reach judgment about what had happened to the log in advance of the findings of a board of inquiry.

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UK NEWS

Nissan pledged to develop assembly plant

By NICK GARNETT, NORTHERN CORRESPONDENT

MR TAKASHI ISHIHARA, president of Nissan, expressed almost complete certainty yesterday that the company will proceed with a full 100,000 units-a-year car production facility near Sunderland, north east England, once its much smaller assembly operation is completed there in 1988.

It was the most positive statement so far made by Mr Ishihara that Nissan will move on from the £50m initial assembly plant designed to produce 24,000 cars yearly from kits. Speaking at a ceremony to mark the start of construction on the Tyne and Wear site, he said phase two production - which will employ 2,700 workers against the 500 in phase one - "will start in 1990."

Mr Ishihara indicated for the first time, however, that Nissan believed it might face some problems. "I think we are going to encounter difficulties," he said in response to a question about the present labour unrest in parts of the British motor industry.

He said the company intended to invest in the latest technology and introduce Japanese style management. Nissan has nearly completed its choice of some 20 senior managers. Many of them come from the motor industry and much of the sifting has been based on whether these managers have attitudes on production, plant culture and internal communications compatible with a Nissan operation. It will shortly be recruiting a second tier of management.

When asked about "difficulties"

Mr Ishihara turned his attention from labour relations to component and material suppliers. Nissan hoped to obtain equivalent prices on these as were quoted to British motor manufacturers.

His repeated references to the high quality expected of the vehicles produced at Sunderland underlined the quality and price pressures Nissan would place on its suppliers.

Even with his references to difficulties, Mr Ishihara said he did not believe Nissan would be stuck in phase one. "We are planning phase one of the assumption that we can go into phase two." Equipment and plant in phase one would have 80 per cent British content, he added.

The company had no plans to produce any car other than the Stanza model, but he said phase two production might mean a "substantial level" of export of Stanzas to the EEC.

The company had also no intention of producing vans or trucks in the UK operation. Commercial vehicle production "is out of the picture," said Mr Ishihara.

Nissan officials confirmed that they intended to secure a no-strike agreement, preferably in a single union deal. Mr Toshiaki Tsuchiya, Nissan managing director in the UK, said that everyone in the plant, from the managing director downwards would be supplied with the same work clothing (seifuku), would eat in the same canteen, start work at the same time and be on exactly the same terms and conditions, except for pay.

£27m plan for onshore oilfield approved

By Ian Hargreaves

BRITISH Petroleum and British Gas will spend £27m developing the Welton onshore oilfield in Lincolnshire, eastern England, after the Government's approval yesterday of the plan.

The Department of Energy said British Gas would have to sell its 50 per cent stake in the field, in line with the Government's policy which proscribes the state gas company from owning oilfields.

BP, which owns the other 50 per cent of Welton, has a legal right to buy its partner's stake when it is put up for sale. But there could be long negotiations, as was the case when British Gas was forced to sell its stake in the Wytch Farm oilfield in Dorset.

Welton is a small field, with reserves estimated at 10m barrels, but it is likely to be highly profitable.

BP said yesterday the field would be in production soon, building to a plateau production of 2,500 b/d by late 1988. At that rate and current prices, gross revenues from the field would be about £20m a year.

Welton, which is five miles north-east of Lincoln, was discovered in 1981. Its crude oil will be transported by rail to BP's refinery at Llandarcy in South Wales.

It is the first onshore UK oilfield to receive government consent since Wytch Farm in 1978, although the build-up of exploration onshore in the last two years means the pace will be more rapid in the months ahead.

Approval is expected soon for the Humby Grove field in Hampshire.

Next step in the City revolution

By OUR FINANCIAL STAFF

THE BANK of England's Green Paper (discussion document) on the future of the gilt-edged market shows that while the Bank is keen to see well-developed, liquid markets for government securities, it intends to keep participants under close supervision.

The basic structure of the market has been laid out in previous proposals by the Bank and the London Stock Exchange. There is to be a U.S.-style system of primary dealers whose job it will be to bid for and make markets in government securities, in return for certain privileges like special dealing and borrowing rights with the Bank of England.

The Bank believes that the current gilt-edged market is effective and has some reservations about launching into big changes. The decision by the stock exchange to abolish minimum commissions makes reform inevitable, however, and one purpose of its proposals is to use the occasion to improve the market. The new system, the Bank believes, will be more open, more compatible with markets overseas and more robust.

The Bank's paper discusses the dealing and supervisory relationship it intends to have with market participants, which fall into three categories: market makers, stock exchange money brokers and inter-dealer brokers (IDBs).

Market makers will provide the essential liquidity for the new gilt-edged market by undertaking "to make to other participants, on demand and in any trading conditions, continuous and effective two-way prices at which they stand committed to deal."

They may operate either on the stock exchange floor or "upstairs", but they must deal in an impartial way to all comers or risk their special relationship with the Bank.

They must deal in as wide a range of listed sterling debt securities as possible, although some may be allowed to confine their operations

The Bank of England yesterday published a discussion paper on how the market in government stocks - known as gilt-edged securities - should work in the future. The Bank's document will be seen as a key element in the revolution taking place in the way that the City of London operates.

to the short market to start with.

The Bank will only deal with stock exchange member-firms to ensure that the market adheres to the SE's trading practices and professional standards. It will also exercise prudential supervision over participants by monitoring the amount of risk they take on in relation to their capital.

The heart of the paper is a set of proposals for the establishment and capitalisation of market makers. These are:

● Gilt-edged market makers should be separately established as companies or partnerships with dedicated sterling capital in the UK.

● The Bank will seek assurances from substantial shareholders (with a stake of 15 per cent or more) that they accept ultimate responsibility for the liabilities of the entity.

● Although firms can share management and staff with related entities, transactions between them will have to be at arm's length and separately reported to the Bank.

● Gilt-edged market makers will be expected to deal only in sterling fixed interest, or floating rate or indexed securities, excluding preference shares and loan stock convertible into equity.

● They may also deal in approved sterling money market instruments, but without any special dealing relationship with the Bank.

● The Bank will discuss capital needs with each potential market maker, but will not lay down minimum or maximum capital requirements. Instead it will regulate the amount of risk a firm can assume in relation to its capital base.

The paper describes in detail the risk weighting that the Bank will

larily the discount houses will not have access to the Bank over their dealings in gilts.

Stock exchange money brokers will continue their role as intermediaries for the regulated borrowing and lending of stock, provided they are equipped managerially and financially for the task and demand for their services exists.

The brokers will also come under the Bank's prudential supervision and will be subject to the same capitalisation rules as market makers, although they will enjoy the same financing privileges.

Inter-dealer brokers like the money brokers, will be allowed to operate if they have the resources and their services are needed. They will have similar market and supervisory obligations, and similar privileges.

The Bank says it hopes to accept as market makers, money brokers and IDBs, all properly qualified applicants. This applies equally to domestic and foreign firms, although in the latter case the Bank will make sure that there is reciprocity for UK firms in their country.

If the Bank thinks so many firms have applied "as to suggest a serious risk of disorder during the process of transition," it will make a selection, taking into account the range of stocks in which firms are prepared to deal.

The Bank is willing to discuss these arrangements with the regulators, but says that the Government for the City of London and other regulatory agencies. It invites comments by January 19 and will then publish definitive proposals. After that it will meet aspiring market makers and announce the number of applicants, with some indication of the types of application - information which, the Bank says, "may prompt either withdrawals or new applications."

The initial list of market makers should be ready next spring. Action on money brokers and IDBs can only come once the market makers' demands have been established.

Overseas citizens of UK may get vote

By Peter Riddell, Political Editor

ABOUT 1.5m more people may be able to vote in British elections as a result of changes in electoral law in the coming parliamentary session.

The Representation of the People Bill proposes an extension of voting rights in parliamentary and European elections to British citizens resident abroad who have lived in the UK within the previous seven years. They would be registered in their previous constituencies. Holidaymakers would also be eligible in postal and proxy votes.

Pressure for change, particularly over votes for holidaymakers, intensified after the 1983 general election when more than 1m people may have been deprived of the vote. The Government responded with a White Paper last January which was debated by the House of Commons in June.

The Labour Party has strongly criticised the proposal affecting British citizens resident abroad. Mr Gerald Kaufman, the Shadow Home Secretary, has said the change would create a self-selecting electorate and would benefit people, including tax exiles, who had chosen to live abroad and had no more than a tenuous connection with the UK.

The Government has estimated that 600,000 (100,000 in the EEC) of the 3m Britons living abroad would become eligible within the seven-year cut-off point. The number of holidaymakers benefiting might be 1m in peak summer months. However, in both cases, officials believe that only half of those eligible would bother to vote, partly because of delays in voting from abroad.

In total, the changes could add roughly 5 per cent at maximum to the number of votes cast.

BNFL may challenge Cogema in supply of plutonium fuel

By DAVID FISHLOCK, SCIENCE EDITOR

British Nuclear Fuels (BNFL) may attempt to compete with the French nuclear fuel company Cogema in supplying electricity companies with fuel enriched with plutonium.

The company confirmed that it was "actively considering" the commercial possibilities of recycling some of the 17 tonnes of plutonium in its civil stockpile as fuel for present-day reactors.

The French disclosed last week that they were accelerating plans to provide plutonium-enriched fuel to European and Japanese utilities which want to burn the plutonium rather than pay for its long-term storage. One Swiss utility has already announced its intention of recycling plutonium separated from its spent fuel by the 1990s.

Several other countries, including West Germany, France and Belgium, have satisfied themselves that recycled plutonium fuel behaves satisfactorily in their reactors. Britain experimented successfully with plutonium-enriched fuel in its prototype advanced gas-cooled reactor in the early-1980s.

The plutonium in question is the property of the electricity companies which have had spent nuclear fuel reprocessed by Cogema or BNFL and its unused uranium and plutonium recovered.

Plutonium, a by-product of the operation of reactors fuelled with uranium, is a fissile material which

can be used instead of enriched uranium, for example in light-water reactors. Current practice is to substitute plutonium for about 25 per cent of the enrichment normally needed.

The so-called mixed-oxide fuel can be shown to have a small economic advantage over enriched uranium fuel, although the arguments are finely drawn and depend on the assumptions, such as whether any value is placed on the loss of plutonium no longer available for future fast reactors.

Previously, plutonium has been stored in the belief that large quantities - some 5 tonnes per reactor - would be needed for commercial fast reactors by the 1990s.

What has kindled interest in recycled plutonium fuel for present-day reactors is the delay now foreseen, until early next century, before the construction of commercial fast reactors.

Britain, like France, has the basic technology for making mixed oxide fuel, taken to small-scale production at BNFL's Sellafield factory by the early-1970s, to make fuel for the prototype fast reactor.

Some of the plutonium fuel made at this factory, originally obtained from one of Britain's Magnox reactors, has been recovered from the fast reactor at Dounreay, Scotland, remade into fuel and is back in the Dounreay reactor.

BNFL said it was considering both the possibilities of making fuel for water reactors, as the French are proposing, and for Britain's advanced gas-cooled reactors. On paper, the higher enrichment levels of water reactor fuel appear to make this a better commercial prospect.

The company stressed that it has no programme to embark on plutonium fuels and that the final decision was one which would involve all divisions of the company, reprocessing and enrichment as well as fuel manufacture.

The decision is seen as essentially a commercial one, involving a minimum of research and development.

The Carter Administration of the U.S., in the late-1970s tried to prohibit the use of recycled plutonium worldwide, an unnecessary risk to nuclear weapon proliferation.

Dr Peter Tempus, deputy director general of the International Atomic Energy Agency, responsible for its safeguards against nuclear proliferation, told the Financial Times in a recent interview that he had come to accept the view that it was safer to use plutonium in a reactor than to store it.

His own nation, Switzerland, is planning to use recycled plutonium. Dr Tempus acknowledged that fuel fabrication factories are more costly and troublesome to keep under safeguards than nuclear reactors.

Fair trading decision backs credit scoring

By David Churchill, Consumer Affairs Correspondent

THE CREDIT scoring system of rating the creditworthiness of consumers is "fair and objective," the Office of Fair Trading (OFT) said in a report yesterday.

Credit scoring is used by many retailers to remove the subjective element of establishing whether credit should be granted to consumers. It is based on a points scale according to such factors as salary, type of home, age and marital status, as well as any previous borrowing.

However, the system has been criticised for potentially leading to consumers being unfairly refused credit on technicality.

"Such fears were not borne out by our study," Sir Gordon Borrie, Director General of Fair Trading, said yesterday. "Many of the respondents to our consultative paper pointed out that by introducing credit scoring systems they had been able to accept a significantly higher proportion of applicants while reducing the incidence of defaults."

The OFT's review found no evidence of "any illegal or unacceptable discrimination built into credit scoring systems." If such discrimination occurred, the OFT would be able to deal with it under its powers in the 1974 Consumer Credit Act.

Credit scoring: a report by the Director General of Fair Trading available free from the OFT, Room 517, Chancery House, Chancery Lane, London, EC4

Horizon threatens BA on 'predatory prices'

By ARTHUR SANDLES IN TORONTO

HORIZON HOLIDAYS, one of Britain's big three tour operators, is threatening to appeal to the Office of Fair Trading (OFT) for action against British Airways (BA) if the airline's tour subsidiary, Enterprise, tries to carve a larger slice of the UK tours market by what Horizon calls predatory prices.

The UK Government suggested recently that it might add to OFT powers in order to restrain predatory pricing - the use of group muscle to eliminate competition in a smaller sector of market activity.

For BA this is a very sensitive subject. Accusations of predatory pricing against Laker are still current in the U.S. and recently Britain's Virgin Atlantic Airways has raised the issue in the UK over North Atlantic fares.

Next month BA is scheduled to produce the pricings for its main Enterprise summer holiday packages. Industry suggestions are that its price increases might be well below those of the major rivals, including Thomson, Intasun and Horizon.

Enterprise has already produced a preliminary programme which does indeed suggest a low pricing policy.

Now Horizon's joint chief executive, Mr Ken Franklin, has fired a warning shot suggesting that Enterprise might be considering pricing its products below real cost plus reasonable profit.

"If they published a brochure with prices we could not match that

would have to be predatory," said Mr Franklin in Toronto, where he is attending the annual convention of the Association of British Travel Agents.

"There can be no way in which British Airways' costs are lower than Horizon or Thomson. There is no way that they can be getting beds any cheaper."

"We will compare prices, and if theirs were predatory we would make a nuisance of ourselves. If the only way to do so were to go to the Office of Fair Trading we would do that."

Horizon was among the leading groups campaigning against BA during the summer and seeking greater freedom for the charter airlines (it owns Orion) and more restrictions on the activities of British Airways charter subsidiary, British Airways, which itself has been accused of selling airline seats below cost.

There is a growing belief within the travel industry that Horizon is about to relaunch its summer 1985 tour brochure anyway - with lower prices. Its main rivals Thomson and Intasun, have already said they will not relaunch unless a new price war develops.

Intasun Leisure, Britain's second largest tour operator and already active in the acquisition market, intends to make more acquisitions over the next few years.

It says it will give priority to the creation or purchase of European and U.S. tour operating companies.

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A product that sells itself

Arthur Sandles on the headache arising from an influx of North American tourists to the UK

IAN BELL, his neat British suit recently pressed, eyed his next British visitor with a look of weary resignation. "Hello, John," he beamed, having read the newcomer's travel badge. "How can I help you today?"

How Ian could help John, and Laura and Mike and the dozens of other American and Canadian tour operators and travel agents that he had been seeing last week in getting hotel rooms in the UK for their next summer, Ian Bell is marketing director of Inter-Hotel, one of Britain's biggest hotel marketing consortia. He has his own property in Dyfed, Wales.



Bell and around 30 of his colleagues in the travel business, selling everything from car hire to coach tours, theatre tickets to London Transport bus passes, were in North America last week. He is just entering the closing stages of what could be a £5bn year, is steeled itself for what promises, or threatens, to be a further substantial rise in demand for hotel rooms and other holiday facilities from foreigners. This year around 14m overseas visitors will have come to Britain, most of them holidaymakers attracted by what are perceived as bargain basement prices for a destination which is unrivalled in the world. "When they get there they just can't believe it," one U.S. agent said. "There is just so much to do and see... and buy."

Only a few days ago the British Tourist Authority's new chairman, Duncan Bluck, was telling Tory MPs that the UK is on target for receiving 18m visitors in 1985, producing a revenue of £5.5bn. Bluck claimed that this would be one more factor making tourism the unchallenged biggest industry in the UK.

Participants in last week's sales tour to Washington and Toronto assembled each day for 7.30 am briefing breakfasts and kept pre-arranged appointments with potential buyers every twenty minutes throughout the day, with lunch and dinner

being part of the sales pitch too. For the pleasure of this exercise each of the participants—who came from such giant chains as Trusthouse Forte and Consort Hotels, coach operators like Swinards and Frames, and from organisations such as the Automobile Association and the Birmingham Convention and Visitor Bureau—each paid £600 to the BTA which organised the five-day trip, and that did not include the air fares. Inter-Hotel's Bell reckons that the cost of the total trip to his organisation is around £2,000.

There is no question but that it is much easier to get this money back in the form of business than it might have been even a couple of years ago. U.S. and Canadian agents were distressingly uniform in their praise of the UK as a tourist destination. "Don't ask me about the negatives," said Inola Hodges of Transair Travel, Washington. "There aren't any."

Well, perhaps that is a bit too flattering. Others complained about things that cannot be changed—like the fact that North Americans arrive in the UK at the crack of dawn and cannot get into their hotel rooms until after mid-day—to things that could, like the grubbiest of London's streets.

"People here live in one of the cleanest cities in the world," says Ian Richards, the BTA's man in Canada talking of Toronto. "They can get a shock when they see London." In

an unguarded moment one American said that London's dirt was "what you would expect of a crumbling city."

Crumbling or not, so many North Americans want to see it that they are fitting problems in getting rooms. Hoteliers are still eager to pick up individual bookings but are less than enthusiastic about group bookings. "They come to us and ask for rooms next summer, but we have to say no," says Rank Hotels' Dan Clayton Jones.

One U.S. agent groaned about his problems in finding 30 rooms in London during next summer's season. He was gradually getting the message that he could scatter his customers in various four star properties around the capital, but getting them all into one place was likely to be an insurmountable task.

The problems for London start in the early summer when the American Bar Association meets in the British capital. Best bets at the moment are that approaching 30,000 U.S. lawyers and their families will descend on London in late June and early July. "When we took the booking in 1980 it seemed like a good idea," say the hoteliers, "now we are cursing it."

Already it seems that stories on television and in local newspapers about London being overcrowded with tourists are provoking questions in travel agencies. "They don't all want to go somewhere that they are

going to meet the people from down the block," say local agents.

In U.S. terms the UK is bargain basement country these days. British Airways, which has been a major sponsor of events during this sales tour and which is switching considerable sales effort into filling its Trans-Atlantic seats with American and Canadian bottoms as the pound wobbles, has such offers as a five-night tour of Britain, with all hotels pre-booked and an unlimited mileage hire car for \$179, plus the air fare.

Some of the tours being offered to North Americans appear dauntingly hectic. Day after day, the "Glorious South" tour (seven days half board \$555 in peak season) with Insight Tours offers: "First to Beaulieu Abbey, the stately home of Lord Montagu, once a Cistercian Abbey. We explore his lordship's world-famous motor museum before heading northwards to Salisbury, where we see the towering 13th century cathedral. On to the mysterious Stonehenge's monoliths, one of England's most remarkable landmarks, over 4,000 years old. Across the great Salisbury Plain to Dorset, whose green hills and rolling countryside were immortalised by Thomas Hardy. Soon we reach historic Exeter..."

Anyone selling a trip that rushed between appointments with American travel agents every 20 minutes for five days.

HAVING redefined and broadened the notion of the "mass market," television can look forward to a future of fragmenting audiences again. According to a report by advertising executives to the U.S. Government, television in the year 2000 will pinpoint consumers much more accurately and bombard them with more specific messages.

Last week five advertising executives briefed members of the Federal Trade Commission with a combination of leaps of imagination and extensions of present demographic trends, sometimes reducing an absurdity, to come up with their ideas for the presentation, "Advertising in the Year 2000." Giving an overview of the subject, Jayne W. Zenaty of Leo Burnett U.S.A., assumed she electronic technologies were bringing "three new features into U.S. homes: choice, control and interactivity." She foresaw smaller and more defined markets spreading to electronic media. "We see happening to television what has already happened to magazines and radio stations... with titles and formats changing to meet the needs and likes of the public."

Specific audiences may get their own advertising messages, a notion that might sound like the outer limits of possibility. But Zenaty noted that "this is done now in copy testing where two versions of a commercial are sent to homes by using different radio frequencies. There's no reason, she concluded, "why this can't be extended to different ads for households with different demographics—all done by special codes and microchips."

The other panelists filled in details from their areas of expertise. Using hypothetical toothpaste called XYZ, executive vice-president at SSC & B, Larry Lamatina showed that an advertising campaign was likely to extend far beyond the pre-

US advertising in AD 2000

sent mix of 30 seconds commercials on prime time and daytime network television with half a dozen national women's magazines. "By the year 2000 we expect the media plan to be very different," he noted, with such new advertising media as a video "information bank [where] XYZ's parent company will sponsor the health care section with XYZ sponsoring the local listing in each market of dentists and orthodontists in addition to providing oral hygiene information."

He assumed there would be Ad Cinema, a cable television channel sponsored by advertisers, and "a smaller but far more targeted list of magazines... edited for people with children at home"—like Father and Child, reflecting demographic trends of single-parent homes of both sexes and continued high female participation in the workforce.

Instead of the dominance of network television, Lamatina assumed "local television will be more important." For XYZ Toothpaste, "a tailor-made cable network [could be] put together by a cooperative of multi-system cable TV operators specifically designed to cover XYZ's top 25 sales areas."

The message will have to strike a responsive chord precisely, since executive vice president of Ted Bates Worldwide Inc, Mike Becker, reckoned commercials might be only four seconds long, or "split seconds." But they will gain impact with innovations which stimulate the senses and which Becker called "feelies," "smellies" and "touchies."

He also expects newspapers to be three dimensional, using holography, and to be audible using computer chips, while computer-printed billboards will give information on weather and driving conditions. "As for radio, once again, radio sound will be ahead of TV. We'll have quadrasonic and digital sound processing. Response radio may give us instant communications, without the telephone, between listener and broadcaster for polling, opinions, even purchasing."

More conventional forms of boosting advertising impact will come simply from extending their length, as is being done now on cable channels that routinely run two-minute commercials. Becker foresaw 12-minute ones, relying for their acceptability on a survey made by the J. Walter Thompson Cable Shop that showed "seven out of 10 viewers found longer commercials, such as from two to 12 minutes in length, more interesting than 30 seconds."

The creation of commercials will also be updated. Interaction with clients will be instantaneous so that alterations will be made with the ease of changing copy on a video screen. "We will build a customised commercial section by section... with mix and match separated," for beginning, middle and end, Becker concluded.

His enthusiasm was not dampened by the prospect that "for the first time television advertising effectiveness will be totally measurable," thanks to what he termed "responsive television." The rudimentary

form of the innovation exists today in videotex and the Quibe cable systems produced by Warner Amer in a number of cities including Pittsburgh.

If response television fulfills its potential, it will help realise Lester Wunderman's dream about direct marketing which, as chairman of Young and Rubicam Direct Marketing Group, he understandably hopes to see accounting for "25 per cent to 30 per cent of total retail sales by 1990." Reliving less than the other panelists on technology, he projected marketing efforts into the future that would appeal to small audiences, but pinpoint them so accurately as to be worth the effort.

Wunderman echoed Becker's demand that advertising become accountable by reaching specified consumer targets, rather than gross numbers. "The next 15 years will see increasing concentration on RAI, that is, Return on Advertising Investment," he contended.

As the last speaker, Wunderman identified direct mail as crucial to the success of advertising in a way that summed up the challenge of the next 15 years. "Mass production, mass marketing, mass media and general advertising were the perfect expressions of the Industrial Revolution. They provided America with employment, affluence and a standard of living that was the envy of the world. It may be that direct marketing is the logical, inevitable, and most constructive result of the post-Industrial Revolution. By the year 2000 it will provide service, convenience, and satisfaction to the American consumer superior to that ever experienced by any society anywhere." If this is "heaven, at least for the year 2000, advertisers seem modest enough to promise what they might even be able to deliver.

Frank Lipsius

Solar sell in the Sunbelt

JOGGING may mean little more for some Americans than a quick, early-morning canter round New York's Central Park, but for a small Californian company in the highly competitive solar energy business the pursuit is the stepping-stone to profits rather than fitness.

The joggers are the first link in a marketing chain used by Servamatic Systems to sell its solar heating equipment to U.S. homeowners in the Sunbelt. Servamatic attributes its rapid five-year growth—sales up from \$2m in 1980 to \$73m in

the year to April 1984—to a combination of successful marketing and a patented product with no moving parts and less to go wrong.

Its marketing strategy relies heavily on incentives, for both employees and prospective customers. Working part-time, the joggers deliver an average of 180 cards a week each, seeking views on energy questions. Householders who return the cards participate in a free draw for petrol, groceries, etc. At the same time, personal visits will be made by canvassers, bearing a small gift, who will discuss solar energy.

Both stages attempt to identify employed homeowners

considered to be the most suitable and likely customers, and interviews are arranged. The sales staff bring a gift such as a calculator to the 2-2½-hour meeting, the first opportunity for serious sales talk.

While the marketing chain is crucial to sales, it also gives the company a degree of financial security. Because most of the 3,000 employees are on commission, ranging from "jockey money" for joggers to 5 per cent of profits for branch managers, the company has a low basic wage bill. Basic pay comes only on the higher rungs of the ladder, and commission accounts for around 75 per cent of wage costs.

So if the bottom fell out of the market, the wage bill would fall too. This is an important consideration since Federal tax laws allow the homeowner a credit of up to 40 per cent on the purchase cost (a Servamatic system costs from \$4,000 to \$5,000) and Federal tax credits expire at the end of next year.

Jackson Gourand, Servamatic's chairman and Deputy Energy Secretary in the Carter Administration, maintains close contact with both political parties, and is confident the credits will be renewed. "Nobody's knocking solar," he points out.

Andrew Baxter

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JOBS COLUMN

Arena • Finance more valued than personnel

BY MICHAEL DIXON

AS YOU read these words the construction contract is being signed for the indoor sports arena to be built on London's Isle of Dogs as part of the docklands development scheme. Lord Selsdon, who has set up the charitable trust to run the sports centre which he claims will be the biggest indoor space in Europe, has come to the Jobs Column in search of a chief executive of the enterprise.

The idea is to use the three-acre arena for money-earning events, not necessarily only sporting competitions, so financing the provision of sports and leisure facilities for the local community.

Apart from the broad plans, Lord Selsdon says, funds of £7.5m which will need augmenting and the building activity, the new chief will inherit nothing. The job is to take the project from there, appointing other staff as necessary, so as to be fully operational by spring 1986.

Candidates should be familiar with the international athletics circus and preferably its counterparts in other sports, demonstrably entrepreneurial and keen and able to market the centre both commercially and to community interests, and politically estimable and persuasive.

Salary indicator £30,000 to £35,000. Other benefits sparse until the arena is established as a going concern.

	Lower quartile	Median	Upper quartile	Average	% who	% with	% with	% with
	Basic salary	Total salary	Basic salary	Total salary	were paid bonus	company car	free petrol	5 weeks or more holiday
Director	27,000	29,284	32,654	35,604	45,100	47,000	36,634	38,750
Finance Personnel	25,000	26,500	28,007	30,000	31,506	35,500	28,235	30,083
Senior function head	F 20,000	20,000	25,000	25,304	29,700	31,886	25,722	27,082
	P 18,000	18,400	24,251	25,000	30,827	33,000	24,805	25,737
Function head	F 17,120	17,253	21,393	22,643	25,000	27,912	21,956	22,932
	P 15,520	15,560	19,238	21,150	24,267	26,654	20,535	21,997
Department manager	F 15,357	15,569	18,000	18,250	20,577	21,021	18,344	18,811
	P 15,000	15,441	17,700	18,630	21,150	22,050	18,512	19,140
Section manager	F 14,000	14,421	15,750	16,176	18,280	18,920	16,438	16,891
	P 13,402	14,000	15,498	16,560	17,754	18,703	15,782	16,492
Section leader	F 11,975	12,245	13,500	13,911	15,065	15,494	13,656	14,130
	P 11,562	12,000	13,258	14,226	15,954	16,231	13,880	14,343
Senior accountant	9,765	10,024	11,176	11,500	12,738	13,059	11,419	11,751
Senior personnel officer	10,523	10,637	11,605	12,225	12,727	13,457	11,719	12,157
Accountant	8,538	8,773	9,664	9,822	10,850	11,354	9,854	10,098
Personnel officer	8,952	9,072	9,885	10,664	11,067	11,661	10,290	10,580

Inquiries to Lord Selsdon, London Docklands Arena Trust, c/o Midland Bank, 110 Cannon Street, London EC4A; telephone 01-623 9393.

Pay stakes

NUMEROUS personnel specialists have been nettled by this column's occasional reports that employers in Britain seem to value personnel's contribution to top management less than the contributions of other specialisms such as finance and marketing. "It just isn't true," they've said time and again.

The table above, which

compares pay and perks of financial and personnel staff at eight successively lower levels of responsibility, challenges that general at least where finance specialists are concerned.

The figures—from surveys made as at September 1—are printed by courtesy of Peter Stevens of Remuneration Economics (51 Portland Road, Kingston upon Thames, Surrey KT1 2SH; Tel: 01-549 8726).

Starting with directors of finance and personnel and then moving down the managerial ladder, each pair of columns of money figures compares the two specialisms in terms first of

basic salary and then of salary plus bonuses and all other rewards paid in cash. (The lower quartile refers to the person who would be a quarter way up from the bottom in a ranking of all in the same category, the median to the person dead in the middle, and the upper quartile to the one a quarter way down from the top.)

As you see, at the topmost and at the two next lower levels finance people are generally paid better than their personnel equivalents, although personnel largely has the edge in bonus entitlements, company cars and free petrol. The surveys, by the

way, covered 1,815 financial staff in 130 organisations and 1,265 personnel people in 123.

Mixed pair

NOW TO two jobs offered through the John Anderson and Associates recruitment consultancy. Since neither of the employers may be named, the recruiters concerned promise to abide by any applicant's request not to be identified to their client at this stage.

John Anderson himself is dealing with the first post which is for a head of group strategic planning with a £300m turnover concern based in north-west

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GROUP FINANCIAL CONTROLLER

Location—South East Circa £23,000+ Car

Our client is a subsidiary of a large and diversified UK group based in the South East, with a wide range of interests, including transport and services to industry. Group turnover is in excess of £1 billion. The position of Group Financial Controller, which is a new one, has been created to take overall financial responsibility within one of the group's divisions which currently has a turnover of about £20 million. The position is based in Buckinghamshire. Candidates, in their mid thirties, should possess leadership and diplomatic skills and have demonstrated progressive achievement in the financial function, preferably in a service industry. They will have experience in financial reporting and control, corporate planning, taxation, treasury and budgetary control. In addition, they will have been involved in acquisition and divestment and they will have user experience in data processing. They will be qualified accountants, ideally chartered, who have experience of working in a major accountancy practice. The appointment has excellent career potential and should be followed, by progress, in the short term, to the subsidiary Board. Terms and conditions of employment reflect the importance of the appointment. Please write in the first instance, in confidence, to George Henderson or Stuart Adamson, Grosvenor Stewart Limited, 62 Pall Mall, London SW1Y 5HZ. Telephone 01-930 7866 (24 hour answering).



International Search and Recruitment Consultants—London and Brussels

EXPERIENCED OPERATIONS PERSONNEL

Prestigious International Investment Banking firm seeks experienced operations personnel for immediate openings in our London office. Product lines include U.S. Equities, Eurobonds, Foreign Equities.

This position requires the following:

- Minimum two years experience in U.S. equity operations
- Excellent interpersonal skills

This position offers:

- Excellent compensation
- Outstanding career growth

If you are interested, send a resume including both your salary and work history to:

Write Box A8805, Financial Times, 10 Cannon Street, London EC4P 4BY

We must have your resume by Wednesday, November 14, 1984 since interviews will be held on Saturday, November 17, 1984 and Monday, November 19, 1984.

SETTLEMENTS MANAGER

L. F. Rothschild, Unterberg, Towbin International, an associate of the Charterhouse J. Rothschild group, was set up in London a year ago by its parent, a leading American Investment Bank. As a result of the rapid expansion of its trading business LFRUIT now requires an experienced Settlements Manager.

The responsibilities include the settlement of Eurobond, Multi Currency and UK Equity trades. The attractive remuneration package will include the usual major company benefits and will be commensurate with the applicant's qualifications and responsibilities.

For further information please communicate in confidence with:

The Managing Director,
L. F. Rothschild, Unterberg, Towbin International,
Clements House,
14/18 Gresham Street,
London EC2V 7JE
Telephone 01-726 6226

Credit Analyst

Internal promotion has created an opportunity in our credit function for a Credit Analyst with about 2 years' experience of both companies and banks.

Particular experience of UK Balance Sheets and evidence of formal credit training would be a distinct advantage. Good communication skills and a willingness to work in a team environment are essential.

Salary will be negotiable in the range £10,000 - £11,000 and fringe benefits include mortgage subsidy scheme, pension and life assurance scheme, private medical cover, personal and season ticket loans, staff restaurant.

Please write in confidence with career and salary details to:

John A. Newman,
Associate Director - Personnel,
The Royal Trust Company of Canada,
Royal Trust House,
48-50 Cannon Street,
London EC4N 6LD.



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New Posts in Fund Management

London-based

Globe Investment Trust, a major Investment Trust having a £550 million portfolio, wishes to create two new posts in its Investment Department.

Assistant Investment Manager

(North American portfolio)

To work closely with the North American Fund Manager, helping him run the portfolio and feeding him with ideas gathered from all the normal sources of research. Probably in your late 20s, you should have two years experience of working on North American portfolios either with a financial institution or a stockbroking firm. You should be capable of taking over temporary management of the portfolio in the absence of the Manager.

Investment Assistant

(UK portfolio)

To work alongside the two Investment Managers, helping with research, communicating with stockbrokers and providing statistical backup.

Probably in your mid 20s you should have worked in a financial institution or in a stockbroker's office. Starting salary for each post will be negotiable, depending on experience, and will be part of an attractive financial package.

To apply, write in confidence with brief career details, to Mr J F Craze, Secretary, Globe Investment Trust PLC, Electra House, Temple Place, Victoria Embankment, LONDON WC2R 3HP. Telephone 01-836 7766.



Globe Investment Trust PLC.

PRIME

TREASURY MANAGER/DEALER

£20,000 + CAR

Previous bank and/or finance experience in dealer position required for this crucial position in leading European Bank based in the City.

Applicants should be aged 27+, well presented and possess an outgoing dynamic personality. Benefits package includes 7% mortgage subsidy, and company car.

SENIOR EUROBOND DEALER

£20,000+

Previous experience in London and/or in international bank is essential. This position is based in the expanding Eurobond area as a complete knowledge of all aspects of Eurobond settlement and trading is essential.

SENIOR LEASING ADVISOR

£20K PACKAGE @ 34+

Major bank with exceptional Senior Leasing Advisor with ability to handle international lease from original setting up of department right to very through. Ability to handle credit analysis is also important.

For further information send a confidential resume and cover letter to Personnel Department 01-238 2921

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from £17,000 to £70,000 p.a.

Are you seeking a new job? If so, we can help you. We assess your marketability, identify career objectives, design a marketing plan, and work with you to obtain your next top job.

With our unrivalled technological information systems and the widest network of contacts in Europe we also help identify unadvertised vacancies.

We have the most successful record in our field. That is why top executives use our services - that is why only we offer a success-related fee structure. An initial meeting is free. Contact us today.

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Executive Management Services Ltd,
32, Savile Row, London W1 01-734 3879

BANKING

Head of Financial Markets

£220,000 a year
For Medium sized banks. You will assume responsibility for dealing room, F.X. Dept, trading Securities Dept, Loan Syndications, etc. Involves Marketing of all Treasury products and requires a strong track record in this field. Plus strong Management skills. Age 30-40

Manager, Unit Trust Marketing

£15,000 a year
An excellent opportunity to join this elite Merchant Bank in their investment management area. You will be responsible for a graduate, have a Banking/Accountancy background and in your late 20s/early 30s. The post will involve all aspects of Product Development, Marketing and Administration for a variety of new and existing investment vehicles. Experience of well orientated transactions a great asset.

Manager Securities

£15,000 + package
An excellent opportunity to join a Major Bank (40), with comprehensive experience of leading, to take responsibility for our client's charged securities area. The successful candidate will likely be an A.I.C.S. have a sound knowledge of the technical and legal aspects of charged securities and will be at an assistant manager level. For further details please call:

ROBERT MILNE
01-497 4381
CRANFORD RECRUITMENT SERVICES

Wanted

ASEAN PACIFIC INVESTMENT

Successful entrepreneur wishes to discuss possible joint business initiatives with individuals and/or companies seeking to establish or enlarge their business activities in the Asian/Pacific region. Write Box A.8806, Financial Times 10 Cannon Street, London EC4P 4BY

Treasury Marketing

Age 28-40 up to £30,000

Our client, a major international bank, is expanding its Treasury activities and requires a Senior Business Development Officer.

Required skills are:

* MANAGEMENT of a small team directly involved in developing the client base.

* MARKETING a wide range of Treasury products.

The ideal candidate will have had at least five years' experience within the treasury of either a bank or a major industrial corporation and be technically proficient in a wide range of Treasury products. This is a challenging and demanding appointment and the successful candidate will have to demonstrate marketing ability, as well as the intellectual capability to communicate an increasing number of services and products to a wide range of clients.

Please apply to Jock Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG. Tel. 01-242 5775.



Personnel Consultants



Corporate Finance

Exciting opportunities in a rapidly expanding department

Director/Assistant Director/Manager

Wardley London Ltd., is the London based European merchant bank of the Hongkong Bank Group. It is a member of an international merchant banking division and is experiencing an active period of growth and diversification.

Wardley London is continuing to expand its corporate finance and advisory activities as a matter of priority. Transactions undertaken in this department for both U.K. and overseas companies range from development finance to capital raising through the stock exchange; and from mergers and acquisitions to group re-organisations.

It now seeks at least three experienced executives to complement the existing team. The requirement is for highly professional corporate financiers who have progressed well in their career to date but who feel that a small, growing and extremely lively environment could be attractive. Applicants will currently be working at a senior level in the corporate finance department of a merchant bank or stockbroker.

It is essential that candidates are articulate and confident in order to conduct the necessary business development and marketing. They should also be self-motivated and keen to become deeply involved in the team's development.

Salaries will be highly attractive and fringe benefits will include company car, mortgage subsidy, non-contributory pension scheme etc.

Those interested should write, enclosing a detailed curriculum vitae, to Nicholas Waterworth at Banking & Finance Division, 23 Southampton Place, London WC1A 2BP or telephone him on 01-404 5751 quoting ref: 3435.



Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

MANAGER OF SECURITIES

£15,000

A mature Banker is required to head up the charged securities activities of this Merchant Bank. You should be a qualified banker with experience of Secured lending propositions. Loan proposals and all relevant documentation. Age 30/40.

For further details please call
Mike Rhindell-Jones
on 01-236 1113
(24 hours)

Fund Managers Unit Trusts

International Funds
U.K. Income & Growth Funds

Competitive Salary & Benefits

Career Opportunities with the U.K.'s Leading Unit Trust Group



The growth of funds under management has created two opportunities for fund managers.

INTERNATIONAL FUNDS - the successful applicant will have several years experience of the major international markets, the ability to communicate both to colleagues and to clients and will work with a closely knit team of geographical and sector specialists.

U.K. INCOME & GROWTH FUNDS - the Group manages a wide range of income and growth funds. Applicants should have broadly based analytical experience or a minimum of three years in fund management.

Applications to C. R. Tracey, Managing Director, Save & Prosper Investment Management Ltd., 4 Great St. Helens, London EC3P 3EP. Tel: 01-588 1717.

CHIEF ACCOUNTANT c£20,000

A large International Bank wishes to appoint an experienced Banker to the position of Chief Accountant. The successful applicant will be aged between 28/40, be qualified ACA, and show a number of years in banking covering a wide range of duties within the Accounting area. The position will take charge of the Bank's Accounting function to meet time schedules for Head Office and Bank of England reporting, and will supervise a staff complement in excess of 20. Please contact: Richard Meredith

SENIOR O & M ANALYST c£16,000

A Major British Bank in the City requires a Senior O & M Analyst, having had about five years previous banking O & M experience, to be responsible for the automation of credit clearing, and to implement a review of the Group's systems. Some U.K. and Overseas travel is envisaged. Please contact: Anne Griggs

CREDIT OFFICER c£17,000

A Major International Brokerage requires an experienced Credit Officer to agree, monitor and review credit lines for Corporate (Trade) Clients, Institutional and Private Clients. Candidates should be thoroughly conversant with preparation and presentation of proposals to Credit Committee and be capable of providing advice and guidance on Deal structuring. Some previous exposure on Commodities would be advantageous. Please contact: Diana Warner

Jonathan Wren & Co. Ltd, 170 Bishopsgate, London, EC2M 4LX, Tel: 01-623 1266



BANKING APPOINTMENTS

Accountancy Appointments

Accountants for Consultancy - a question of balance

There has been a dramatic increase in the demand for management consultancy and management advisory services from both the public and the private sectors.

We — and our competitors — all need more high calibre staff for this work, and you will have noticed in the financial and management press an ever increasing number of advertisements for professional staff.

When you read these advertisements you will notice that the qualifications, qualities and experience called for by the leading firms vary little.

We are all looking for graduate accountants aged 28-33, who have a record of achievement within well managed organisations in the private or the public sector.

We all offer high starting salaries, cars, and rapid career advancement. What in fact is the difference between the firms? Why should you choose Peat Marwick?

We believe the difference is a question of balance.

- We are carefully organised, but not too tightly structured . . .
- We have some important industry specialisations, but many people work in a wide range of industries . . .
- Most of our work is in the UK, but some assignments take us overseas . . .
- We have certain operating standards, but we tailor solutions to client problems; we do not push the client into standard off-the-shelf solutions . . .
- We believe in, and practice, training and development, but we ask you to suggest the direction in which you would like your training and career development to proceed . . .
- We are keen to win new business, but our prime objective is to provide a first class service to our existing clients . . .

Perhaps the balance can best be illustrated by comments from accountants who have joined us recently:

"I looked around a lot before I joined you . . ."

"Your interviews were more thorough, but more friendly . . ."

"The people I'm working with are not theoreticians, they're all achievers, and some of the most interesting people I've ever met . . ."

"I have to work to high standards, but I can fully use my ideas and my experience . . . when I need support it is available in depth . . ."

"The atmosphere suggests competence and enthusiasm . . . a very professional environment . . ."

We believe this question of balance is of crucial importance. If you feel it would be important to you, come and talk to us. To enable us to prepare for the discussion please send a brief cv and a day time

telephone number to: M.J.H. Coney, Peat, Marwick, Mitchell & Co., Management Consultants, 1 Puddle Dock, London, EC4V 3PD, quoting reference A/NO4.



Hoggett Bowers

Executive Search and Selection Consultants

Financial Director

North East England,
£30,000, executive car and benefits

This dynamic and entrepreneurial company has substantially profitable interests in leisure and a creative, determined approach to growth in market sectors which in no way limit its aspirations. This is a key main board appointment, significantly influential in business strategy and development but with prime accountability for planning, directing and controlling the company's financial and administrative affairs as a strong platform for further real growth. The requirements reflect the style of the company — totally commercial, technically excellent and clinically professional but informal, flexible and extremely lively. Well qualified accountants in their thirties must be able to demonstrate an exceptional record of early accomplishment in a wide ranging senior financial management role in a demanding market orientated business. The personal characteristics implied above must be evident and complemented by warmth, energy and humour in an outstanding motivator and communicator. Prospects are exceptional.

G.T. Walker, Ref: 42557/FT. Male or female candidates should telephone in confidence for a Personal History Form 0832-327455, 4 Mosley Street, NEWCASTLE-UPON-TYNE, NE1 1DE.

Broad commercial role in high growth company

FINANCE AND ADMINISTRATION MANAGER

Basingstoke area

£20,000 + car and generous bonus

This new position arises in a dynamic, successful business engaged in marketing and distributing a wide range of industrial engineering products. The company is a subsidiary of a leading multinational group which is highly respected for its design skills, product quality and innovative flair.

Reporting to the Managing Director, the Finance and Administration Manager will be responsible for the accounts department and for the data processing, warehousing, distribution, stock control and sales order processing functions. There will also be involvement in acquisitions and in setting up new operations.

Candidates should be qualified accountants in the 35-45 age range who combine the vision to think in strategic terms with the willingness to roll up their sleeves. They must have experience of small/medium sized companies, growth situations and sales-orientated businesses, and should ideally have worked in a subsidiary of an overseas group.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref: 2217 to G.J. Perkins, Executive Selection Division.

Touche Ross & Co.

Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

FINANCIAL CONTROLLER

INTERNATIONAL LEASING GROUP

Age—under 30 South West London

A qualified accountant with commercial and management aptitude is sought to fill a new post in an expanding group.

The Controller's principal responsibilities will be budgetary control and overseeing the preparation of management accounts, reports and forecasts. The job will require experience of computer modelling and project evaluation and will lead to extensive involvement in the design and installation of a replacement data base and management reporting system.

The successful candidate will probably be a Chartered Accountant with at least 2 years PQE, interested in the practical aspects of running a business efficiently.

Salary package negotiable from £15,000 depending upon experience.

Applications including C.V. should be sent to: Financial Controller, Box 48782, Financial Times, 10 Cannon Street, London EC4P 4BY.

Financial Controller

C.London c£20,000 + car

Our clients are a substantial, well-known firm of Chartered Surveyors who wish to recruit an ambitious, qualified accountant aged around 30 to this key position, reporting to the senior partners. He, or she, will manage a small department operating fully computerised systems but his (her) main contribution will come from acting as business adviser to the practice. A commercial attitude and good communication skills are therefore of over-riding importance. Future prospects are substantial and could extend to equity partnership. Ref: 1595/FT. Send c.v. (with telephone numbers and current salary) or write or phone for an application form, to R.A. Phillips, ACIS, FCIL, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours)

Phillips & Carpenter
Selection Consultants

ACCOUNTS IN UNDERWRITING

Lloyd's Underwriting Agents, Managing and members, expanding rapidly, seek an ambitious person for a new vacancy. The successful applicant will be responsible for various accounting and company secretarial duties and will take over as Company Secretary after a probationary period. Applicants must have experience in the production of draft accounts preparatory to audit and have a sound knowledge of Lloyd's accounting procedures. This vacancy will suit a progressive individual, particularly one who has had experience with a firm of Panel Auditors.

Write Box A.8789
Financial Times
10 Cannon Street
London EC4P 4BY

Dynamic Accountant

West End

to £22,000

■ THE COMPANY is a major British group which operates very profitably at the forefront of telecommunication technology.

■ THE JOB is to take responsibility for the implementation of an MSA accounting package, involving the motivation of a dynamic finance team and the effective liaison between DP and Finance.

■ YOU are a qualified accountant, probably aged 28-35. You possess excellent communication skills, a keen intellect and significant post-qualification experience which includes in-depth involvement with computerised accounting package implementation.

If you would like to learn more about this opportunity and the future which it offers within a fast-moving, expanding and profitable operation, please write or telephone Nicolas Mabin, BA (Hons), MEdC, quoting ref: LG1057.



Management Personnel

Recruitment Selection & Search
67/88 New Bond Street, London W1Y 9DF
Telephone: 01 408 1694 (out of hours 0702 556432)

Finance Director

Suffolk/Essex Border circa£25,000 + car

Our client, an autonomous company within a major UK industrial group, is heavily involved in the capital goods industry (T/O £55m). The exacting role of Finance Director is ideally suited to a person who has experience of tendering as the successful candidate, in addition to the normal duties associated with such a position, will be closely involved in the business decision process. The finance function, with a staff of 80, is at present engaged in a major computerisation programme. Applicants (male/female) must be Chartered Accountants aged 35-45, with a proven track record in man-management and the ability to communicate effectively at all levels. Generous assistance will be given with relocation costs. Ref: 1327/FT. Write or telephone for an application form, or send full details (with telephone numbers and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours)

Phillips & Carpenter
Selection Consultants

TREASURER

Up to £24,000

This post is one of Chief Financial Officer to the Authority which serves a population of 330,000 with an Annual Revenue Budget of £50m.

We are seeking a qualified accountant with experience at a senior policy level, in a large organisation. The Treasurer will have an important role to play in the implementation of the "Griffiths" General Management Proposals and will have a key position in the new structure. A comprehensive information package and application form are available from the District Personnel Officer, St. John's Hospital, Kingston Lane, Uxbridge UB8 3PL. Completed applications should be sent in confidence to Mr. A. C. Barrow, Chairman, at the above address by the closing date of Monday, 26th November 1984. The existing Treasurer, Steve Anderson, would be happy to discuss the post with potential candidates (Uxbridge 58191).

Hillingdon HEALTH AUTHORITY

BROOK STREET
Specialist Accountancy Division
Our clients' requirements vary from permanent positions as Chartered Accountants to temporary Accountancy Staff of all types. Here are some examples:
PART-QUALIFIED ACCOUNTANTS £8,000 NW1
Medium-sized firm of Chartered Accountants needs experienced person to carry out duties on large and small companies. Some of the work will involve travel outside London, so a car-owner is preferable. Great variety of clients from manufacturers to retailers.
GROUP FINANCIAL CONTROLLER £25,000 Kings Langley
This holding company responsible for 16 other companies needs qualified Fellow of the Society of Chartered Accountants with one of London's largest professional firms and worked for a large public company, preferably manufacturing. Age 35-45.
If you have some accountancy experience or wish to apply for a specific vacancy, then please contact our office at the address below: Mrs J. Goodwin, 11/1133 Cannon Street, London EC4, Tel: 01-253 7933

BROOK STREET ACCOUNTANCY

All an employment service should be

WEST LAMBETH HEALTH AUTHORITY ASSISTANT TREASURER TRUST FUNDS

Scale 27 £14,583 to £18,310 inclusive

Applications are invited for the above post from suitably qualified accountants. Relevant experience either in the public service or charitable/trust funds accounting would be an advantage. The successful applicant will be responsible to the Treasurer for the provision of modern accountancy and financial services of the Trust Funds administered by the Special Trustees of St Thomas' Hospital.

He/she will be responsible for a department consisting of eight support staff. As a senior member of the Treasurer's staff the appointee will provide an input to general financial management and by a member of the financial management team.

Job description and application forms are obtainable from our Personnel Department, St Thomas' Hospital, London SE1, telephone 01-928 9292 extension 2432. Closing date for applications is ???

Accountancy Personnel

FINANCIAL CONTROLLER (RETAILING)

MANCHESTER £17-£19,000 + Car

• IMMEDIATE COMMERCIAL RESPONSIBILITY • FAST EXPANDING ENVIRONMENT
• YOUNG HIGHLY MOTIVATED TEAM

Our clients are a young, rapidly expanding, multi-location retailing operation centering on fast moving consumer goods. Recent growth has resulted in a turnover exceeding £67M with a healthy profit ratio. Future plans already underway are to quadruple all areas of operation. Your initial brief, with direct responsibility to the Managing Director, will be to control all accounting and administrative functions including up-grading computerisation. Other responsibilities will be wide ranging, encompassing, advising and assisting Directors in all aspects of development including investigations and the control of continued profitable expansion.

You will be a qualified Accountant, aged 28 to 40, with some retailing experience preferably in FMCG. Commercial flair and dedication are prerequisite qualities needed to achieve your own and our clients' ambition. Please telephone or write to Bob Hickling.

ACCOUNTANCY PERSONNEL

49 King Street, MANCHESTER, M2 7AY. Tel: 061-834 9733

Placing Accountants First

01-493 0156

Accountancy Appointments

European EDP Auditor

Berkshire based, package to £22,000



For a major US multinational and a market leader in the mini and micro computer and distributed data processing fields. The corporation has data processing centres in virtually every Western European country.

As European EDP auditor you will report to the European Audit Manager and be responsible for developing a specialist unit within the European audit department. Major priorities will be to plan and conduct the audits of data processing facilities, develop computer based audit packages and to act as an MIS consultant to the operational audit team. Considerable European travel will be involved.

You must be a graduate qualified accountant aged 28-35 with at least eighteen months' computer audit experience. Prospects for promotion both within audit and line management are excellent.

Resumes, which will be shown to our client unless a covering letter gives contrary instructions, to Barrie S Grossman, Executive Selection Division, Ref. G033.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

Audit Controller

National Retailer

Southampton
c.£21,000+car & benefits

This vigorous and profitable company, with turnover £200 million, is the leader of its sector of the retail market and is still expanding.

Reporting to the Finance Director the Controller will lead an established audit team whilst reviewing the scope and future direction of the function. Advising on the audit implications of introducing EPOS and further computerisation will be very important.

Candidates will be qualified accountants, possibly Chartered, in their late twenties or early thirties, with extensive auditing experience and significant exposure to computer-based accounting systems and their development. Experience may have been gained

as a manager with a major professional firm; well developed communications skills and a positive personality are essential.

Remuneration will comprise a basic salary of around £19,000, together with a twice yearly bonus, other worthwhile benefits and the provision of a quality car.

Please reply to Martin Manning in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 1392.FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultants

128 Queen Victoria Street, London EC4P 4JX

ACCOUNTANCY APPOINTMENTS
Rate £34.50 per single column centimetre

THE UNIVERSITY OF MANCHESTER
BUSINESS SCHOOL

Applications are invited from suitably qualified candidates for the post of Lecturer in Finance and Accounting in the Manchester Business School and the Faculty of Business Administration. Salary range pa (under review) £7,150 - £14,125. Further particulars and application forms (returnable by November 19th) from the Registrar, The University, Manchester M13 9PL. Quote ref. 227/84/FT.

CHARTERED ACCOUNTANT

Chartered accountant, 25-30, with commercial and computer experience, to play a key role in conversion from bureau to in-house computer and in subsequent operation of the accounting system.

Good career prospects in a lively and growing business with wide overseas connections and situated in pleasant W1 square. Salary more than £12,000 plus benefits.

Write Box A.8779
Financial Times
10 Cannon Street
London EC4P 4BY

Finance and Systems Manager

New Zealand Meat Producers Board

London WC2

c.£25,000 plus car

The European office of the New Zealand Meat Producers Board is charged with the development and monitoring of all sales of New Zealand Meat in the UK and Europe. The Board works closely with prime importer agents and also runs substantial promotional campaigns both at the national level and on a local basis.

We invite applications for the key position of Finance and Systems Manager. Reporting to the European Director, the appointee will play a major role in the management of the branch, with initial emphasis on the installation and subsequent enhancement of a new computer system and the development of a sophisticated management information service.

Aged 30-45, candidates should be qualified accountants with relevant accounting and systems experience, ideally gained in a high-volume environment. Salary is negotiable. The position offers a genuine opportunity to become involved in all aspects of a very commercial organisation.

Please write in confidence, enclosing career details and quoting reference 3255/L, to N.P. Halsey, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.

PEAT MARWICK

Financial Accountant

Hounslow

c.£17,500 + bonus + car

Our client, a subsidiary of a quoted US company, is a major distributor of wire and cable, with a UK turnover of £20 million. An ambitious qualified accountant is currently sought to be based at the European Head Office.

Reporting to the European Financial Controller, this position demands a graduate ACA with substantial post-qualifying experience in a line accounting role coupled with an in-depth understanding of computer techniques.

Candidates, aged 27-35, must be able to demonstrate:-

- ★ A professional approach to day-to-day problem solving.
- ★ Outstanding man management and communicative skills.
- ★ An assertive and self-confident personality.
- ★ The ability to effectively develop the accounting function.

An attractive salary, benefits package and fully expensed company car will be offered to the successful applicant showing the required level of commitment and enthusiasm.

Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref. 173, at 31 Southampton Row, London WC1B 5HY.



Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

Financial Director

Yorkshire

for a long established, profitable engineering company (turnover exceeds £15m.) which has recently joined a well known PLC. Success had been due to well directed capital investment and an unrivalled product range, the result of a consistent development programme.

The appointment is due to an approaching retirement. You will be responsible for the finance and company secretarial functions and make a significant contribution to business strategy in this highly successful company whose plans for future growth are well advanced.

Candidates, probably 35 to 45, must be qualified accountants (ACA, ACMA, ACCA) currently heading up the finance function in an engineering company operating modern control systems and with a turnover exceeding £8m.

Salary around £20,000 with some flexibility. Car and other benefits.

Please write - in confidence - indicating how you meet these requirements and present salary to R. M. Cooper ref. B.60770.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
Sovereign House, 12-18 Queen Street, Manchester M2 5HS.
Offices in Europe, the Americas, Africa, Australasia and Asia Pacific.

HAY-MSL

MANAGEMENT SELECTION

Finance Executive

c.£18,000

North Suffolk

A programme of diversification, expansion and acquisition in our client's successful print group necessitates the recruitment of a Finance Executive to act in an advisory capacity to the Board. As a key member of the Company's strategic planning group, your job will be to assess the feasibility of proposed projects, outline the financial ramifications of any development of existing facilities and be involved in the forward planning and monitoring of projects coming to fruition.

Between 30/45 yrs, an honours graduate and a fully qualified accountant, your record of achievement must be impressive. Your experience in a senior role in a major industrial/

commercial enterprise will have involved you in corporate and business planning, new ventures and acquisitions. You will thoroughly grasp the interface between financial decision making and the functions of marketing and manufacturing and will preferably have had some overseas experience. Some time spent in merchant banking would be a valuable asset in this position.

An excellent package of benefits is a reflection of the importance of the situation and the prospects within the Group will satisfy the most able of candidates.

Telephone Mrs. E. Kitchen/
Mrs. A. Shopland on
(0603) 619287 for an application form.

ERAS

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Oil Services Financial Controller

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THE ARTS

Hermann Prey's Schubert

David Murray

For reasons which remain obscure, Hermann Prey's career as a distinguished performer of Lieder has mostly been conducted out of British earshot...



Daniel Massey, Gemma Jones and Juliet Stevenson

Breaking the Silence/The Pit

Michael Coveney

Big sets are not always a good idea in small theatres, but the audience at Stephen Poliakoff's new play for the Royal Shakespeare Company's studio is all but sucked into a large railway carriage designed on a right angle and with cunning use of receding perspective by Alison Chitty.

neither Mr Massey nor Gemma Jones as his wife Eugenia strikes me as being particularly Russian or remotely Jewish. And where have they been, with the servant and the young son, since 1917? They arrive on the train hungry and depressed.

doll-like burlesque, and by Miss Jones's tearful strength and ingenuity at the Border as the family, without Polya, prepares to emigrate.

Philharmonia/Festival Hall

Andrew Clements

It is customary to preface Bruckner's fourth symphony with another work, quite frequently a piano concerto. But Tuesday's account from the Philharmonia under Kurt Sanderling was substantial enough—well over 70 minutes—to qualify for the kind of monolithic status usual for more expansive successions in the canon.

Nikolai is an effete, dandyish aristocrat who, before the Revolution, was not renowned for doing much work as the head of a family engineering business. Watching Daniel Massey pick his way delicately through the role is a bit like seeing what happened to Chekhov's Gayev when he took that job at the bank.

A sporadically powerful second half is provided by the strong playing of Mr Massey and Juliet Stevenson as the determined, supportive Polya who shares his dream of cinematic progress in a flickering

the silent era in the Soviet cinema continued well into the 1930s and Nikolai sees the film industry being overtaken by advances in America—as indeed it already had been, and in France. One does not expect Eisenstein to walk into the play, but it seems to me there is a serious dislocation between Poliakoff's view of his family and his view of Russia.

Second Stride/Riverside

Clement Crisp

It was a dry-as-dust programme that Second Stride offered on Tuesday night as their contribution to Dance Umbrella. Their autumn repertoire comprises Silent Partners by Siobhan Davies and Ian Spink's Further and further into night, both marked by that curious aridity which I associate with arcane personal statements by choreographers about their craft.

The backcloth of Una Walker's set reminds us that in 1911 Belfast was producing the finest linen in the world. Hanks of flax are topped with an array of tablecloths and undercloths of Ulster's finest. The grinding roar of machinery makes even shouted conversation inaudible. It stops, and the five women we have seen woken by the professional morning knock-up to stagger off to work in the dark pause with cries of "Thank Jaysus it's breakfast time!"

Lay Up Your Ends/Drill Hall

Martin Hoyle

The Belfast-based company Charabanc has launched a short season in Chelms Street, off Tottenham Court Road. The five actresses are topped by their very own, multiplied and repeated among the ten members of the cast, with dialogue, mime and minimal dance accompanied by a no-less repetitious score by Orlando Gough for a chamber ensemble.

— especially convincing in the masculine roles that the whole cast turn their hands to — plus Aidan McCann's sole male, a beautifully observed half-wit cleaner, complete the cast.

A brace of gremlins has recently played me. Hesitation of James Hollomon's excellent portrayal of politely uncomprehending senility in Scarborough's The Dining Room was squeezed out of the review; and Sally Jane Jackson was wrongly named in my account of Red Devils at the Man in the Moon. Both ladies deserve to have their names put right.

Record Review/Kevin Henriques

Ambassadors of jazz

Although British jazz musicians infrequently work in the United States they do secure a goodly amount of employment in Europe, and have done so for many years. Yet visits to Britain of, say, Dutch, German or Scandinavian musicians are a landmark rather than a regular occurrence.

This unfair situation is clearly beneficial to our players who, one can claim without being overly chauvinistic, are as talented and in quite a few cases superior in inspiration to their continental counterparts.

Pure Fantasy (TM Records, TMS) contains ten lively and typical examples of Paraphernalia 1984, recorded earlier this year. It's the magic of digital recording that makes the selections from a suite by the leader "In Search of Serendib," in which many of the ideas originate from Sri Lankan folk songs. On some tracks it is hard to discern the true origins but as always the Thompson compositions show much resource and her arrangements avoid the slippery pitfalls of formula fusion music.

In contrast A Little Westbrook Music (Westbrook Records, LWM 1) is totally acoustic and features the more serious but no less enjoyable work of the whole musical vision of Mike Westbrook who provides well judged piano accompaniment to an assortment of songs sung by wife Kate. The sources for the lyrics are such as the uncompromisingly dramatic style which sometimes stops tantalisingly short of melodrama, are diverse — from French surrealist poet Paul Eluard to the (with the Westbrook's) inevitable William Blake, via Adrian Mitchell and Brecht. Permeating every one, every phrase even, is intense devotion and deep consideration for the lyrics and their settings.

chilling chords behind the words of anguish are dramatically sealed by the wailing soprano-sax of Chris Biscoe, the third participant on the record. Elsewhere though there is joy and humour — on "Titanic Song" for instance.

Another group spreading the good news of British musicianship is the Siger Band, a quartet which is probably more widely known in Europe than at home. In fact its latest LP was recorded at last year's Edinburgh jazz festival. The Siger Band — Live in Hungary (Spotlite, SPJ 526) gives a reliable indication of its style and undoubted power. A pity the recording quality is not of the best but on four tracks (three on side 1, a 20 minute 30 second concert version of a traditional Irish song on side 2) the line-up of bass, drums and two saxes plays with that hard intensity which characterises improvised music these days.

There are 16 tracks on Shakin' the Africann (Hep 1001) featuring Don Redman's orchestra. Unlike Kirk's, Redman's band at the time of recording (1931 to 1932) contained top-quality soloists including Bill Coleman, Benny Morton, Henry "Red" Allen and Fred Robinson. It also carried the burst of singing — Lois Lane, Redman himself and Harlan Lattimore (a would-be black Bing Crosby), all of whom are ever-exposed in this compilation. Nevertheless, the band's work, even in small segments, is always captivating, eg. an invigorating saxophone passage at the start of "Tea for Two," Redman's own "Hot and Anxious" (containing the later-to-be-famous "I the Mood" riff) and the impressive writing on "I've Got Rhythm."



Barbara Thompson

Berglund/Barbican Hall

Dominic Gill

Paavo Berglund conducts two concerts with the London Symphony Orchestra this week (both are popular programmes: the second, this evening, includes Brahms's second symphony and Beethoven's fourth piano concerto). Tuesday's high point was an absorbing account of Sibelius's first symphony. Berglund thinks out all of the music he directs, and especially Sibelius, in unusually long lines — sustained by a deceptively simple, powerful beat.

It is refreshing to hear a conductor who underlines the hard colours and rhythmic fierceness of Sibelius, as well as the crazy soaring in which Verdi sounds more than usually like Mendelssohn with chocolate sauce — delivered with panache; and continued, before being redeemed by the Sibelius, with that scrappy account of Brahms's Violin Concerto played by Boris Belkin, who is neither one of the most appealing nor one of the most proficient of the younger generation of violinists.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Nov 2-8

Exhibitions

WEST GERMANY
Hanover, Forum des Landesmuseums, 8 Am Markte: A big retrospective, comprising 185 paintings, drawings and engravings, highlights the oeuvre of Ludwig Richter (1803 to 1884), the German landscape and genre painter. Ends Nov 24.
Berlin, Nationalgalerie, 50 Potsdamer Strasse: More than 70 works of paper by Luciano Bartolotto, the Italian artist, who has been creating since the 1950s in Berlin. Dismal and Munich. Ends Nov 25.
Munich, Neue Pinakothek, 29 Barer Strasse: Early Romantic Landscape Painters around Caspar David Friedrich. Ends Nov 25.
Cologne, Museum Ludwig, An der Rechtschule: Gruber Collection —

at times surprising and always enlightening conjunction, most useful for the insight into the relation between his sculpture and drawing in the earliest years of the century, the crucial period of his first maturity. The clear hint is that the painting of Matisse was qualified and informed by the drawing, so, in that very first period at least, it was the sculpture that gave the drawing its radical freedom and simplicity. Ends Jan 6.
The Royal Academy: Modern Masters from the Thyssen-Bornemisza Collection — a remarkable run through the history of western painting in the past 100 years or so. It reflects, as it must, the collector's taste and prejudices. But these are tempered by an admirable catholicity of interest, which can accommodate quite happily impressionism with surrealism, abstract expressionism with constructivism, realism with cubism. We begin with Corot and De Gas and end with Bacon, Freud and Giacometti, with Pollock, Picasso, Mondrian, Beckmann, and so many others in between. Ends Dec 19.
Annely Juda Fine Art (Tottenham Mews, W1): Constructivism — once again Mrs Juda has put together a definitive study of the abstract and related movements of the earlier decades of this century. And this latest exercise has a particular significance, for it treats the practical conception, the critical importance of which has only lately been recognised, between Dada with its figurative base and its inclination towards the surreal and the more formal and technical preoccupations of constructivism. The catalogue alone is a major contribution to scholarship in the field.
ITALY
Venice: Scuola Grande di S. Giovanni Evangelista: Behind the Venetian Palaces: Three Centuries of Minor Architecture in Venice: 1682-1803: An unusual exhibition tracing the history and development of a small area of the city with maps and various documentation from the State archives not only how and when the buildings were constructed. But who owned and lived in them, and with what. Open 10-7.00pm (closed Mon). Until Dec 9.
Milan: Palazzo Reale: Expressionist painters from the Sprengel Museum in Hannover: A panoramic view of the Expressionist movement from its beginnings in the early 1900s up to the 1940s. Paintings by Emil Nolde, Ernst Ludwig Kirchner, Max Beckmann and Klee. Ends Nov 11.
Genoa: Palazzo Bianco and Palazzo Rosso: Civil and Court: Uniforms of the 17th and 18th centuries. Not only by Italian, but Spanish, French and Austro-Hungarian. Note how all the professions, not only the military, had their own dress and everyday uniforms. Ends Nov 15.
Rome: Two exhibitions explaining the alterations made to Rome in its first 40 years as capital of Italy. The villas, gardens and entire streets that were swept away to make space for the self-important ministerial buildings — none exceptional for their beauty — and essential street-widening. The first is at the Terme di Diocleziano (The Museum of Roman Art) and shows the remarkable trophies found during excavations. The other, in another Roman structure, the Trajan Markets, has the incredibly detailed model of the city as it was in 1870 — when the Pope's city became the nation's capital. Until end of Nov.
Museum of Roma (Palazzo Braschi): Palazzo S. Pantaleo. An extraordinary collection of almost 200 photographs of everyday life in the deep south of Italy from 1914 to 1948 by the photographer Severio Marra. Extreme poverty borne with fierce dignity. A series of black eyes bore into one as the subjects pose, rather rigidly, in their grand wedding or first communion outfits. A chance to see a way of life which, curiously, persists in some of these very remote parts. Ends Nov 18.
PARIS
Le Douanier Rousseau: Extraordinary tropical vegetation with exotic flowers, gently poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-6pm, Wed till 10pm, closed Tue. Ends Jan 7, (closed 30 Dec).
VIENNA
The Art of Otto Wagner: The designs and draughtsmanship of Austria's most important architect are exhibited by the Arts Academy where Wagner taught from 1884 until 1912. All his major projects are shown, many gloriously realised while others never left the drawing board. The exhibition charts Wagner's career as architect and town planner during which he made the unusual transition from pillar of the establishment to enfant terrible — joining the Secession Movement in 1890. He insisted that beautiful architecture had to be functional and modern. His revolutionary designs for Vienna's city railway achieved a successful fusion of architecture and engineering and the drawings reveal the discipline behind the creativity. The development of his last and most strikingly modern projects, the 1906 Post Office Savings Bank and the 1907 Steinhof Church is shown from the earliest pencil sketches to detailed floor plans and final magnificent gilded colour-washed presentation drawings. Then, best of all, you can go out and see the real thing. Academy of Fine Arts, Schillerplatz 3. Ends Nov 28.
NETHERLANDS
Amsterdam, Rijksmuseum. In this anniversary year of the death of William the Silent (1584) yet another exhibition devoted to the birth of the Dutch republic. Paintings, prints, drawings and manuscripts illustrate the ideals of religious toleration and political freedom that precipitated the 80 years' struggle with Spain. Ends Dec 9.
Amsterdam, Historical Museum. Dutch sculptors at work in their studios sensitively photographed by Louise van der Veen. Ends Dec 2. Haarlem, Frans Hals Museum. Italian

letters. Special ticketing with specified entry times reflects anticipated ticketing with specified entry times reflects anticipated crowds of up to half a million. Ends Dec 30 (570 3970)

TOKYO
Constructivism and the Geometric Tradition: 198 works by 133 leading artists, Malevich, Mondrian, Moholy-Nagy, Kandinsky, Vasarely in an excellent exhibition which shows the often underestimated influence of the Russians on contemporary abstract art. National Museum of Modern Art. Ends Nov 11.
Pharaoh Exhibition of Egypt: In their second major Egyptian theme this year, the Seibu Art Museum offers another superbly aesthetic exhibit. Seibu Art Museum (Seibu Hakuuro Department Store). Ends Dec 18.
CHICAGO
Museum of Contemporary Art: Hookney Prints the Stage includes 250 renderings and models of the artist's sets for Rake's Progress, The Magic Flute and the Metropolitan Opera's triple production of Poulenc's Ravel and Satie called Parade. Ends Nov 11.
WASHINGTON
National Gallery: Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations. Includes Durer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

FINANCIAL TIMES

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Thursday November 8 1984

Tests beyond the triumph

PRESIDENT REAGAN'S personal triumph is complete. On Tuesday he reaped what, until the sequence of events that began with President Johnson's abdication of a second term in 1968, used to be considered the reward of one successful term in the White House. Ronald Reagan has been considered successful, even by those who do not agree with him. He has presided over a surprisingly strong economic recovery. Inflation has fallen. Unemployment has peaked and fallen. He has restored American optimism and has even enjoyed, since Grenada, a Falklands factor of his own.

It may be that Mr Reagan's fortunes reflect a distinct cyclical pattern in the political mood of America. After the progress of Woodrow Wilson, there was a conservative reaction, and business ruled in the 1920s. Something similar happened in the 1950s after the rapid social change of the New Deal and the war years. After more breakneck change and anguish self-questioning, in the 1960s and 1970s, the new cycle of social conservatism and economic optimism has taken hold.

At the moment, there is a pervasive confidence about the ability of business to deliver the American dream and the Reagan Administration's policies of deregulating U.S. industry and welcoming entrepreneurial wealth creation have undoubtedly reinforced that confidence. But American opinion will not stand still and the country's unbalanced macro-economic imbalances—the budget and external deficits remain to be tackled. A second Reagan administration will not be able to rely on the ideas which first brought it to Washington four years ago without risking the political fate of Herbert Hoover and of the second Eisenhower administration.

It is neither grudging nor minimising Mr Reagan's victory to point out that both its scope and the mandate it confers can easily be over-estimated. The electoral college exaggerates the margin of victory; it was designed to do so. President Johnson in 1964 and President Nixon in 1972 both won by margins comparable to President Reagan's this year only to see their authority blown to tatters in one instance within a couple of years and the other within a couple of months.

An American president is not a British prime minister armed with a virtually automatic majority in the legislature. A

nation of ticket splitters has decided to vote for a Republican president not for a Republican landslide. The second Reagan administration will face a Congress as unpredictable, and in some respects probably more recalcitrant, than the first.

There are already hints that the new administration has marked down as its highest priority precisely those two goals which we would like to see it pursue most urgently. The first is a measure of real progress towards better relations with the Soviet Union and the second is a greater readiness to co-ordinate its macro-economic policies with those of other major economies and specifically to control the massive, accumulating budget deficits that lower over the economic climate of the entire world.

Mr Reagan's new willingness to take arms control seriously is very welcome. It is not clear whether he and his advisers sufficiently understand that an arms control agreement may not be available in isolation. If there is linkage in American minds, for example, between Soviet intervention in Afghanistan, and East-West relations generally, then there will also be linkage in Soviet minds. The President may have to choose between the serious measure of arms control he now seems to want and the continuance of his build-up of defence expenditure. In particular it would be reassuring if he were to reconsider some of the new strategic weapons programmes and especially the so-called Star Wars initiative. No rapid progress is to be expected on this President's first priority should be to install able and like-minded senior advisors in the State Department, Defence Department and White House who can devise realistic and consistent postures.

On the economic front the President must now act quickly to push through measures to tackle the budget deficit. He may feel tempted to continue in his refusal to raise taxes and in his belief that the economy can grow its way out of its present stagnation. A wide range of a slowing of economic growth and a weakening dollar already shows signs of catching up with him. The domestic U.S. economy may shortly need lower interest rates than are currently being offered. A wide stable dollar and funding the U.S. budget deficit. Here is an area where the newly elected president can take tough decisions to be imposed upon him.

MR WALTER MONDALE has finally seen the light at the end of the tunnel—and it's out. That was how Dan Rather, anchorman of CBS network news, chose to sum up the 1984 U.S. presidential elections with a wry, sheepish grin, as the full extent of President Ronald Reagan's landslide victory became clear on Tuesday night.

Mr Mondale, devastatingly confirmed as one of the biggest losers in American history, conceded with the grace and civility to be expected of him in the face of what was, inescapably, a personal humiliation. "In every defeat," he said, desperately groping for a silver lining, "are to be found the seeds of victory. We did not win, but we did make history."

But the "seeds of victory" were lying on stony ground yesterday. The Democrats may be back in U.S. presidential elections at some time in the future, but they are going to have to do an awful lot of rethinking first.

There were some important consolation prizes. The Republicans did less well than they had hoped in the Congressional races for the Senate and the House of Representatives. Mr Reagan's "coat tails" were not as long as they might have been.

The still Republican-controlled Senate may be a little more liberal in its new incarnation. The Democrats won three of the 33 seats up for election in Illinois, Iowa and Tennessee, while losing Kentucky, for a net gain of two. The Republican majority will now be 53 to 47, against 55 to 45 in the last Congress.

Preliminary analysis of past voting patterns suggested that Mr Reagan's task will be slightly harder in the Senate, where he often got his way in his first term. The change added two more votes against his controversial MX missile—which already faces a bleak Congressional future—and against his balanced budget amendment.

In the House, the Republicans seemed to have failed to restore their effective coalition with right-wing conservative Democrats, gaining 14 or 15 seats, rather than the 26 they had hoped for. There was no clear national pattern.

Mr Charles Percy, the once "moderate" veteran Republican chairman of the Senate Foreign Relations Committee, lost in Illinois despite identifying himself increasingly closely with Mr Reagan, while the Democrat defeated in Kentucky, Mr Walter Huddleston, was a conservative.

Mr Bob Dole of Kansas, the moderate chairman of the influential Senate Finance Committee, who campaigned unsuccessfully as President Gerald Ford's vice-presidential running-mate in 1976, seemed likely to emerge as the paper Republican majority leader—replacing Mr Howard Baker of Tennessee, who decided not to seek re-election.

But the ultra-Right Senator Jesse Helms of North Carolina is now poised to take over the chairmanship of the Foreign Relations Committee, if he wants to.

It was difficult to deny Republican claims that Mr Reagan won a sweeping new personal mandate—as a politician who has repeatedly run against Washington in general—preferring to appeal directly to the good sense of the voters via the television screen. Or as the President repeatedly put it: "You ain't seen nothin' yet!"

When voters go into the polling booth in a U.S. presidential

U.S. presidential election

'You ain't seen nothin' yet...!'

Reginald Dale, U.S. Editor, on Reagan's remarkable victory

election, they tend not to think, well, I'll vote for so and so and cancel him out by putting his opponents in Congress. The Congressional races, like that for the Presidency, were largely decided on the basis of the voters' thought was the best person for the particular job.

The polls turned out to be right, despite the Democrats' persistent claim to the contrary. Mr Reagan's winning, by a 59 to 41 per cent margin, was much as predicted. The voters did not show the instinctive gut support for the underdog on which Mr Mondale had been counting.

Far from repeating Mr Harry Truman's classic 1948 comeback Mr Mondale handed Mr Reagan the biggest win in the electoral college in U.S. history—525 of the total 538 votes—although not in the popular vote. Mr Reagan won more than Mr Richard Nixon in his 1972 landslide, more even than Mr Franklin D. Roosevelt who set the tone of American politics for half a century in the 1930s.

What was much less clear cut was the nature of Mr Reagan's new mandate. As Senator Gary Hart of Colorado, another leading Democratic underdog loser, swiftly pointed out, Mr Reagan had not sought "an issues

constitutional amendment requiring a balanced federal budget—although that will almost certainly not be in place, if ever, until long after he has left the White House—and the authority to strike out individual budget items (the "line-item veto"), tools already in the hands of some state governors.

He has hitherto, however, appeared to seek such powers almost in the hope that he will be denied them—enabling him to make his point that a Democrat-dominated Congress has frustrated both his wishes and those of the American people.

He has refused to say how he intends to cope with the record federal budget deficits that, four years ago, he pledged to abolish, gleefully allowing Mr Mondale to take the unpopular position of calling for a tax increase.

In the run-up to the election, it seemed that the majority of voters would back him virtually regardless of what he actually said or how he fared in the two presidential debates with Mr Mondale. He did not run on the issues, but on the comforting, patriotic "good vibes" he has spread across the country—particularly among its white masculine inhabitants.

"The revenge of the white male," was how many commentators interpreted the election results. Mr Reagan ran especially well in the conservative South, bringing out a heavy vote from white men who seemed to feel threatened by women and blacks. The presence of Ms Geraldine Ferraro, as the first woman on the Democratic ticket, only underlined the fears of many male voters.

Many political analysts were yesterday prepared to address a question that they had hitherto avoided. It was, in the view of many of them, also a racially polarised election. Blacks, who

represent 12 per cent of the country's population, voted so overwhelmingly for Mr Mondale that they appeared to have positively encouraged whites to vote for Mr Reagan—and particularly those whites who say that they do not want their hard-earned tax money to be spent on their poorer and racially different compatriots.

Mr Mondale, after all, appeared to have invited into his coalition not only Ms Ferraro but the Rev Jesse Jackson, the first black to make a serious run for President. Mr Jackson probably helped Mr Mondale by taking an extremely low profile in the closing weeks of the campaign, but he was not forgotten.

The Democratic New Deal Coalition of liberals, women, minorities, trade unions, and intellectuals, which Mr Mondale so agonisingly strove to revive, is clearly no longer viable, at least in presidential races, and at least when the economy is prospering.

The result would have been very different if the country was in recession. Europeans, however, will have to get used to the hard fact that many of the Americans who voted for Mr Reagan are not the courteous, intellectual north-easterners they may have known so well in the past. They are people who want so badly to be told that America is "strong" and "walking tall" that they do not feel the need to examine it as an intellectual proposition.

The Democrats, Mr Hart predicted on Tuesday night, will now "fly apart in 18 different directions." With the humiliation of the seasoned, party stalwart Mr Mondale, they will start looking desperately for a formula to renew the assault on the White House in 1988.

Much will change over the next four years and it is not

only the Democrats who will have to confront the future. Mr Reagan's victory in the last campaign of his political career sounds the starting gun for a battle for control of the post-Reagan Republican Party.

Mr Reagan cannot run for re-election in 1988, when he will be 77. So-called "moderates" like Vice-President George Bush, recurring U.S. Senator Howard Baker of Tennessee and Senator Robert Dole of Kansas are all waiting in the wings as eagerly as the Gary Hart of the Democratic party. So are Republican conservatives like Congressman Jack Kemp of New York.

In the short run, Mr Reagan's smashing victory will doubtless be seen as strengthening the hand of the conservatives. It is particularly clear on Tuesday night that religious, right-wing fundamentalists like the Rev Jerry Falwell of the Moral Majority and Mr Helms regarded the presidential vote as a vindication of their hard-line.

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loyalty to his subordinates, and will be disinclined to sack any one unless his White House advisers insist that he has to. He may, for example, find himself obliged to get rid of his controversial Labour Secretary, Mr Raymond Donovan, but he is likely to renominiate Mr Ed Meese, his trusted old Californian henchman, as Attorney-General.

The stolid Mr George Schultz may in the end leave the State Department, although the betting in Washington is that he will stay long enough to prevent it falling prey to a hawk like Mrs Jeane Kirkpatrick, the right-wing U.S. Ambassador to the United Nations, or Mr Caspar Weinberger, the Secretary of Defence.

Washington has been swept with wild rumours as to who might succeed Mr Schultz, including the hard to believe suggestion that his job might be taken by Mr Donald Regan, the Treasury Secretary, who is also said to want a move.

Mr James Baker, the tall, Texan White House chief of staff, was once tipped for the state department or the Pentagon in a second Reagan administration. But that idea now seems to be less of a runner in Washington.

As for Mr Mondale, it looks as if his long political career must be over. After running what he himself described as the longest campaign in American political history, he can hardly claim that the voters did not know what he stood for. They seem to have been trying to tell him that they knew only too well.

Mr Mondale's best-known personal recreation is fishing. But, as Dan Rather put it in another of his own wags on election night: "If today had been a fish, Walter Mondale would throw it back in."



The smiles say it all: Mr and Mrs Reagan in celebratory mood

The wooing of the small investor

THE SALE of British Telecom later this month will break many records. It should raise about £2.7bn—more than any other public offering of shares and it will be the British Government's biggest act of denationalisation. Equally significant, in the short term at least, it should substantially increase—perhaps by about 500,000—the number of Britons who own shares.

The Government has mounted an unprecedented advertising campaign to broaden BT's appeal. This raises a fundamental question: why is it so important to encourage wider share ownership? Last week, as BT's sales effort moved into higher gear, Mr David Walker, a senior official at the Bank of England, pointed out that the institutions which have crowded out personal investors do serve a useful purpose.

Institutional investment represents a useful division of labour in a modern economy. It helps small investors pool their risks at a relatively low cost. And, in spite of past lapses, fund managers may often be better placed than dispersed individuals to exert effective discipline on wayward companies.

However, the merits of pooled investment do not explain the remorseless decline of the personal investor in the past 25 years. In 1951, at the last count, individuals owned only 28 per cent of UK quoted shares; in 1987, the figure was 66 per cent. In this period, the share of institutions rose from 18 per cent to 37 per cent: the relative holdings of pension funds increased nine-fold to 27 per cent of the total.

reducing the dominance of the institutions. Wider share ownership would broaden the appeal of the free enterprise system. It is surely no accident that in the more entrepreneurial U.S. 25 per cent of adults own shares compared with only about 7.5 per cent in the UK.

The Confederation of British Industry is strongly advocating a better spread of share ownership as a means of forging more direct links between individuals and enterprises and as a way of improving economic performance more generally.

It is not surprising that the Government should seize the opportunity presented by BT's privatisation to push for wider share ownership. A wide dispersal of shares will reduce the chance of a future renationalisation of BT and ease the digestion of so large an offering.

It is possible the Government has pushed too hard in this case. The bolterous sales pitch has stretched the laws governing new issues to the limit. The "hard sell" of BT is a calculated political risk. The sale will create a lot of highly unbalanced portfolios: how many stockbrokers would normally advise a new client to put all his eggs in one basket? There is no guarantee that BT will perform as well as expected. The political risk is probably worth taking, but, in spite of all the precautions, the Government may eventually have to face a large number of irate small investors angry at having been coaxed out of the safety of their building society accounts.

More important, BT's flotation is a one-off event which, on its own, will do little to stem the trend towards institutional investment. Measures to remove tax distortions and to allow greater flexibility in pension arrangements will do more for the personal investor in the longer term. The removal last March of tax relief on life assurance contributions was a step in the right direction. Further radical measures to make the tax system more neutral will be needed if personal investors are to be put on the same footing as the big institutions.

Joy leaves Argentina

The posting back to London this week of David Joy, Britain's man in Buenos Aires, marks the end of an era in Anglo-Argentine relations.

More than two years have elapsed since the Falklands campaign. During that time Joy, working from the Swiss Embassy as head of the British interests section, has managed against considerable odds to repair much of the damage wrought on Britain's old alliance in Argentina.

He has led a subtle campaign by the British Government to re-establish its presence and influence in what, in the absence of full diplomatic cultural and trade relations, can only be officially classified as a hostile country.

Mr Joy, being given another trouble-shooting role as head of the central American department at the Foreign Office, has had to weather the criticism of hardliners in Whitehall, and among Argentine nationalists who have objected to any detente between the two countries.



"I don't like it—next it'll be no representation without taxation."

Men and Matters

Undeterred by repeated death threats from nationalist groups, Joy recently took the embassy's Rolls-Royce out of premature retirement and started using it on his social rounds. He has a high profile ever since.

He is, typically, taking his leave of Buenos Aires with a bang rather than a whimper. A few days ago more than 700 guests attended his farewell party jointly celebrated with his daughter's wedding.

The new man in Buenos Aires is Colin Sharkey, the former British ambassador to Honduras.

Dead end

Mexico's overcrowded capital has run out of space in which to bury its dead. My man in Mexico City (population: 17m living, 20m dead) reports that the municipal authorities have issued a decree forbidding further burials in the 109 cemeteries under their control. The dead will have to be cremated or buried in the provinces, they say.

To cope with expected demand, 12 crematoriums are to be built in the next year, providing a boost to at least a bit of the nation's badly depressed industrial sector.

favoured while alive. During all-night vigils that tended to turn into a macabre version of Hogmanay, the living "shared" their tequila.

Famine allies

The opposite poles of fine art and Bingo are briefly coming together to work in a most laudable fashion for Ethiopian famine relief.

Painting, jewellery, other works of art, and fine furniture, will be going under the hammer at the London auction house, Sotheby's, with all the money raised destined for the cause.

Robert Maxwell, the ebullient Daily Mirror publisher, fresh back from a delivery trip to Ethiopia with 30 tonnes of food, yesterday signed a deal with the relief campaign.

Sotheby's is to provide auctioneers, arrange sales, and sell without charging commission, any objects of reasonable value that are donated by the public to the Mirror's famine appeal.

Trench warfare

The cable revolution in Britain is going to have an uphill struggle if it is the residents of Westbury Park, Swindon, are anything to go by.

They have made it clear that not only are they prepared to forego lots of new programmes, but that the trenching machine which cuts a hole in the pavement to lay the cable shall not pass.

Some of the wider spirits are threatening to form a human chain to stop the machine.

Sebastian Crawshaw, chief executive of Swindon Cable, takes a philosophical view of the trench warfare. The trench would be filled in to conform to everything as smooth as before, except for a stripe of black asphalt.

But he may be about to find out that one of the few things the British public cares passionately about is the state of its pavements.

One of the complainants is a Mr G. Rouse.

For big Sam?

Further evidence of Wall Street's insidious influence upon the City of London.

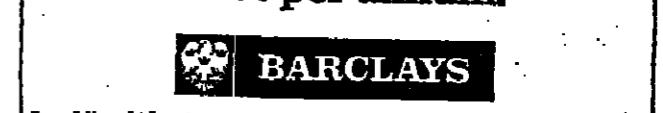
Barclays Bank Interest Rates.

BASE RATE

Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 7th November 1984, their Base Rate was decreased from 10½% to 10%. This new rate also applies to Barclays Bank Trust Company Limited.

RATES FOR SAVERS

On Bonus Savings and Payplan Accounts interest paid was decreased from 8½% to 8% per annum. On ordinary Deposit Accounts interest paid was decreased from 7¼% to 6¾% per annum.



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Observer

ECONOMIC VIEWPOINT

After the great Reagan victory

By Samuel Brittan

IT WOULD not be surprising if the real troubles of the Reagan Administration were to begin now that the President has secured a spectacular victory.

Mrs Thatcher's banana skins started to accumulate within weeks of her re-election, and in some what lower key Herr Helmut Kohl began to reap his full crop of scandals and policy problems after re-election.

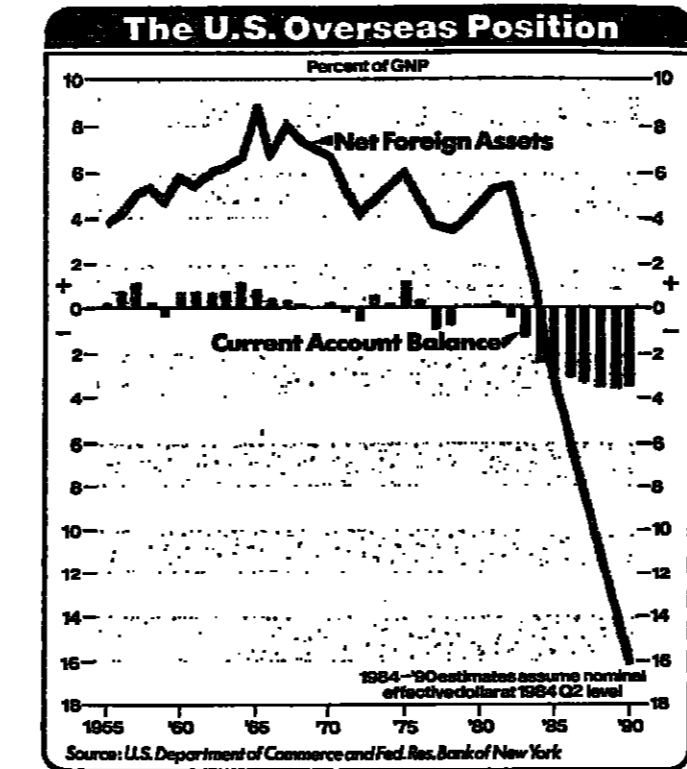
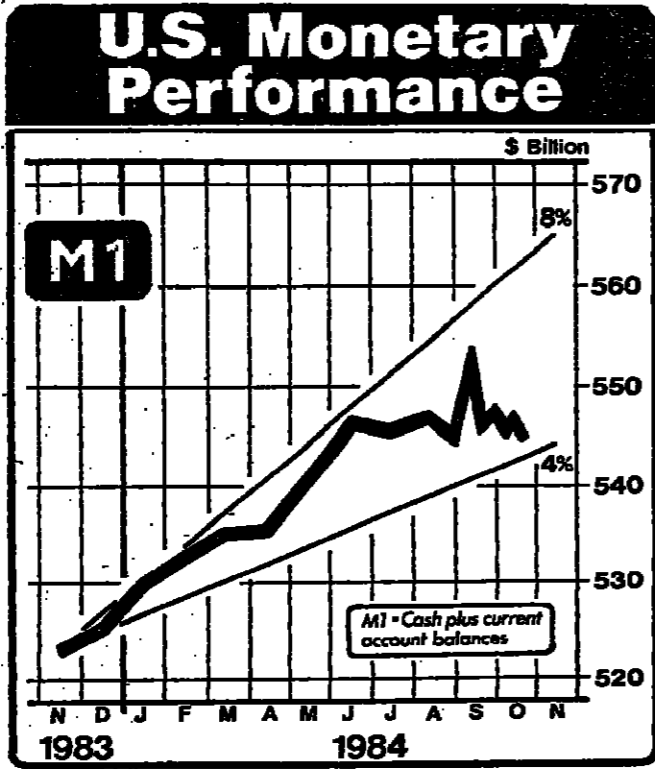
It would nevertheless be a mistake to see the falls in either the dollar or U.S. interest rates or in the U.S. growth rate as the turning of some tide. There have been many similar eddies which have soon reversed themselves. It is worth remembering that after its recent "fall" the dollar is still well above the levels it reached at any time before last August.

The yield on the U.S. long bond has fallen by about 2 percentage points, to around 11 per cent. But so far from indicating a profound change of sentiment on either the U.S. budget or the inflation front, it has simply returned to early 1984 levels. Interest rates on short-term money market instruments, now at 9 to 10 per cent, have fallen by a similar amount. Prime rates have not even done that.

In the UK, the sterling exchange rate has been remarkably stable throughout the year. Nearly all the movements in the trade-weighted average reflects the dollar components. Against the mark, sterling has rarely strayed far outside the DM 3.7 to DM 3.8 corridor. As for interest rates, despite the most recent fall UK base rates are still fractionally higher than they were before the "Scargill" increases in the summer.

Perhaps the biggest change is in U.S. real growth. This fell back from an unsustainable annualised rate of 8 to 9 per cent in the first half of the year to just under 3 per cent in the third quarter. Even now, it is not far, if at all, below the long term growth potential of the U.S. economy; and it may have been artificially depressed by strikes, David Hale, of Kemper Services, who is a respected but normally far from over-optimistic business economist, sees a return to 5 per cent growth in 1985, sparked off by housing and retail sales.

The combination of slower growth and a fairly stable monetary policy has produced



the fall in U.S. interest rates. Much of the mystery and speculation about Fed policy is generated by those who find it difficult to grasp that a central bank should be following more of a quantity than a price rule. It is pretty clear that the Fed policy has for some time been to stick to its money supply guidelines, not blindly or in the very short term, but over six to 12 months in the absence of any good reason for departing from them. Moreover, I would not expect a dramatic change under another Fed chairman, even under that somewhat "wet" vice-chairman Preston Martin. Fed policy is more collegial and evolutionary than the more extreme followers of the Volcker personality cult (some of whom try to maintain high rates and pauses for breath when he is giving testimony) have ever realised.

includes most personal savings accounts, is also near the bottom of its range. The very wide measure, M3, which includes most institutional deposits is, on the other hand, near the top of its projected variation, but the general picture is that of undershooting. As real growth has no longer seemed unsustainably fast, and as inflation is still very low and the dollar high, the Fed has seen no reason to refrain from pumping enough reserves into the banking system to move nearer the middle of its target range. The Fed was also urged to act by Reaganites and by Preston Martin who, unlike Britain's Francis Pym, did not believe that it was possible for any majority to be too large for the returning administration. But the money managers could respond with a good conscience. For the fall in interest rates required nothing more fundamental than the impact of a lower real growth rate on an unchanged monetary objective. Europeans (or Americans) who see the beginnings of a more permanent trend towards lower U.S. interest rates are

Lombard Varieties of scandal

By Rupert Cornwell in Bonn

ARE WE becoming a banana republic? The question has been aired a lot lately in West Germany, as the Flick affair continues on its lurid path in Bonn. But the question of presumed political payments by the Flick industrial group irresistibly invites comparison with Italy, where political scandal has become almost an art form. Curiously, the Italians use another botanical metaphor. They prefer to talk of the advance of the "palm tree line," to denote just how close to the supposedly virtuous north such southern vice has crept.

The first real difference, however, is the amount of money involved. If back-of-an-envelope calculations about Flick are right, the concern doled out around DM 25m (£5.8m) in the 1970s to political parties. Poor Count Otto Lambsdorff, the former Economics Minister, is charged with accepting the pittance of DM 135,000 for his part in connection with a tax break for Flick of DM 800m. The sheer modesty of the amount makes the accusation almost incredible, at least to one steeped in the Italian way of doing things.

Blackmail

There, such matters have a truly theatrical extravagance. Cast your mind back to Banco Ambrosiano, which at roughly the same time Flick is said to have been at work, was providing the Italian political parties with around Lire 88bn (or DM 150m) of interest-free loans. Then again, consider the still unresolved affair of \$115m of kickbacks arranged (but is only partly paid) on a 1979 Saudi Arabian oil contract by the ENI energy concern.

And yet public concern in Germany is in inverse proportion to the sums involved. Why? A part of the answer must lie in the insecurity bred into West Germany by its history. His modern German state, after all that has gone before, must be above board, and most important be seen to be so.

In Italy scandals are taken for granted. They are an

ingredient in the country's quite depressing political stability, by providing in their reciprocal blackmail. Everyone has something on everyone else, conveniently to be aired when a faction or party is showing signs of upsetting the balance. Then again Italians are used to a weak state. How can you have a coup d'etat if there's no état, the joke runs. Like most clichés it contains a grain of truth.

Fingerprints

There are other differences too. "He never takes less than 5bn (wretched lire of course), and never leaves a fingerprint," it was once said in jest of an Italian politician. Not only are the alleged payouts in Bonn to be reckoned in mere millions of lire — the fingerprints are everywhere.

In Italy it is mostly (except in cases like the old Ambrosiano) innuendo and ambiguous documentation. In the Flick case there happen to be files cabinets full of meticulous records of every payment — as well, it should be said as ossio of a schiarce Kasse (black funds), just like the fondi neri which embellish every Italian scandal worthy of the name. It is surely this relentless German thoroughness which is now increasing the general unease. Oh, the politicians must be saying for a little fantasia, and an Italian interest in the psychological (hence unprovable) truth, rather than the factual one.

Or better still, one might add, for a little of the mystifying English sort of political scandal, revolving around matters sexual and where the facts of democracy can hardly be said to rest on the outcome.

Sub-Saharan famine

From Mr E. Dyke

Sir—During the 1970s the sub-Saharan region of Africa had the highest rate of population growth in the world. It is still accelerating whereas in all other areas it is tending to slow down. Food production is not keeping pace with population growth. Of the forty one sub-Saharan countries, only five have succeeded in this. In some ten countries, notably in the region of the Sahel, food production per capita dropped by 20 per cent between 1970 and 1980, according to the Food and Agriculture Organisation.

Now we see an unbearable famine in Ethiopia alongside massive food mountains in Europe and elsewhere. One can justly ask why but perhaps more usefully turn one's attention to World Bank projections. These show that the population of the sub-Saharan region is expected to quadruple between 1980 and 2020.

Cereals deficiency in the region is even the trend of the 1970s, will there be some 185m tonnes per annum. By comparison the present deficiency is approximately 15m tonnes and present cereal production for the whole of Africa 120m tonnes.

The countries affected cannot hope to make up the expected deficit by way of imports at market prices. The present deficit already takes up some 30 per cent of their total export earnings. They cannot manipulate the hydrological cycle that, by the grace of God, favours the lands of plenty nor are their people free to roam to pastures new for all nations. There are then left with but the occasional bouts of compassion born of our TV screens as we enjoy our some 5,000-plus calories a day.

This despite the fact that there are practical solutions given an approach to the problems overall that is positive. We know that "X" tonnes of cereals will feed "X" numbers of people at a given level of nutrition. We know that the proper application of fertilisers can increase the natural land yield by a factor of four and that to grow one tonne of cereals up to two thousand tonnes of moisture may be required. We know how to apply pesticides and herbicides to advantage, how to combat the ticks, flies and other pests. We know of the "green revolution" and are now also advanced in the techniques of microculture and of the preparation of preferred substrates in the manufacture of both animal feed and food protein. To all this one can add that which the

Letters to the Editor

FAO report refers to as the "underestimated versatility and skills of the African farmer."

The problem that exists between Africa and Europe is, in the main, attached to technical and financial considerations that are mathematically simple and physically surmountable.

E. D. Dyke, 19 Approach Road, Margate, Kent

Unemployment and poverty zones

From Mr C. Saunders

Sir—Bearing in mind the Government's policy on control of central and local government expenditure, its desire to have a more mobile and flexible labour force and the Chancellor's latest statement that unemployment is a social and not an economic problem, I wonder if it could be persuaded to tackle the unemployment situation by traditional social policy means, i.e. by taxing the haves to assist the have-nots.

Large poverty zones exist in many of the towns and cities created in the industrial revolution, where neither the local people nor local government has the finance to replace worn-out schools, houses and industrial premises. Unemployment and poverty can be as high as 50 per cent. Despite strenuous efforts being made by some local authorities to tackle the problems under Government economic policy these people and councils are trapped in a situation which can only deteriorate.

Could an answer be to introduce a social rebuilding tax to be levied by local authorities to create a rating system on property in areas of below national average unemployment to be used for the benefit of people and local authorities in areas of above national average unemployment. The money could be used in two ways: to build new schools, houses and industrial and commercial premises in the poverty zones; and to build new houses in low unemployment areas and provide basic removal expenses to enable unemployed people who wished to move from the poverty zones into the houses being built in those parts of the country whose local economy offered greater job opportunities.

An amount of, say, 5 per cent per annum on top of the rate levied by local authorities in areas of low unemployment would provide substantial funds

for this purpose. C. A. Saunders, 77 Southway, Guiseley, Leeds.

Mortgage tax relief cut

From Mr V. Singer

Sir—Is it really proposed to cut mortgage tax relief (Nov. 5) as regards those who are also ratepayers in full? There is a delicate balance in the sphere of provision of roofs over heads, involving the degrees of tax burden (including, naturally, rates) and the degree of relief requirement. Worsening of the status quo for mortgagors paying rates in full by the above cut would be unjustifiable, were they not simultaneously to obtain some recognition of their need to lessen the disproportionate and arbitrary burden of rates when it is little more than legalised piracy.

The answer could well be to reform the whole taxation system, including rates. While the needs of the disadvantaged in housing are all too apparent, that is no reason to duck the implications of the injustices of the present system for many of those who have to finance it. V. S. J. Singer, The Cottage, Cleeve Barn Lane, Hydon Heath, Nr Godalming, Surrey.

The spread of literacy

From Dr R. Rajkumar

Sir—Few people indeed would disagree with your statement in the editorial of October 30 that the original aims of Unesco—to spread literacy—are entirely laudatory. Yet I am surprised that the discussion entirely ignores whether Unesco is an efficient or cost-effective mechanism for attaining the goal of universal literacy or, if it is not, whether the agency can be reformed to achieve this. Small though the British contribution is, this question, which is part of the reason for the U.S. action, has to be dealt with if an urgent answer.

The taxpayer who is contributing to the global battle against illiteracy deserves to know what proportion of the 800m people estimated by the World Bank to be living in absolute poverty. How much is being spent on "administration"; to put it another way how much is going to those who already have more than their fair share of literacy?

Reforming the rates

From Mr C. Watkinson

Sir—I welcome Mr Galea's letter (October 31) suggesting that local rates be based on the assessment made at the beginning of the fiscal year, and foreign aid is unpopular among the American electorate—who are among the world's most generous in international aid contributions—we should not treat this matter as a purely political one as your editorial suggests, ignoring the opportunity this decision has provided to objectively look again at foreign aid and its main beneficiaries. Renuka Rajkumar (Dr), 128, Wrotesley Road, N.W.10.

Unesco is an agency which is not generally involved in the implementation of literacy programmes at the grass roots.

While it is true that notice of the U.S. withdrawal from Unesco came at the beginning of the fiscal year, and foreign aid is unpopular among the American electorate—who are among the world's most generous in international aid contributions—we should not treat this matter as a purely political one as your editorial suggests, ignoring the opportunity this decision has provided to objectively look again at foreign aid and its main beneficiaries.

The answer could well be to reform the whole taxation system, including rates. While the needs of the disadvantaged in housing are all too apparent, that is no reason to duck the implications of the injustices of the present system for many of those who have to finance it.

The taxpayer who is contributing to the global battle against illiteracy deserves to know what proportion of the 800m people estimated by the World Bank to be living in absolute poverty. How much is being spent on "administration"; to put it another way how much is going to those who already have more than their fair share of literacy?

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WEST GERMAN CHANCELLOR CLAIMS 'NO-STRINGS' CONTRIBUTIONS

Kohl defends Flick donations

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl of West Germany yesterday acknowledged that he had received money on behalf of his Christian Democrat (CDU) party from the Flick industrial group in the late 1970s.

He flatly denied, however, that any strings had been attached to the contributions, which according to Herr Kohl totalled DM 155,000 (\$83,013), least of all that he attempted to influence discussions over Flick's controversial application for a massive capital gains tax waiver at about that time.

The Chancellor's testimony on perhaps West Germany's most serious ever political scandal came in what was developing into a lengthy appearance before the parliamentary committee probing the Flick affair.

His style, in the initial stages at least, was composed and relaxed - in keeping with his constantly reiterated view that there is nothing intrinsically wrong with the prac-

tice of industry making donations to political parties.

However, Herr Kohl seemed destined to come under greater pressure during later questioning by left-wing members of the committee. The most formidable of them is expected to be Herr Otto Schily, of the Greens, a lawyer whose powers of cross-examination have already been experienced by previous eminent witnesses.

According to the Chancellor, the three payments for DM 155,000 were made between 1977 and 1979, when he was leader of the CDU, then in opposition. It was "perfectly natural," he said, that an opposition leader should have contacts with top industrialists.

Even so, the presence of some 200 journalists and observers jammed into yesterday's hearing was proof of the tense anticipation of what might yet emerge, in a scandal which has already forced the resignations of Count Otto Lambsdorff, the former Economics Minister, and of Herr Rainer Barzel as President (Speaker) of the Bundestag (Parliament).

The figure of DM 155,000 is larger than the sum of between DM 20,000 and DM 35,000 Herr Kohl had previously acknowledged receiving from Flick, during evidence given some months ago to public prosecutors investigating the tangle of under-the-counter political payments made by the industrial group.

It falls far short, however, of the total DM 965,000 of supposed payments between 1974 and 1980 "on account of Kohl," carefully annotated in the meticulous records kept by Flick's senior management. These are now in the hands of the committee.

On more than one occasion Herr Kohl - like many who have testified before him - claimed not to have any recollection of alleged contacts and discussions. He declared him-

France to cut cheap credit to industry

By David Housego in Paris

THE FRENCH Government is to reduce the volume of subsidised credits available to industry to encourage investment and to simplify the procedures by which companies will have access to them.

The measures will have only a small impact on the budget this year, with savings of only about FF 3bn (\$327.1m). The Ministry of Finance, however, believes that they could result in annual savings of up to FF 20bn in years to come.

The savings will come both from eliminating a large number of the subsidised credits available to industry and from the expected progressive narrowing between subsidised interest rates and market rates.

The measures represent a considerable change of heart by the Socialist Administration which had initially attached considerable importance to subsidised credits as a way of stimulating investment. In the current more liberal approach - of which the recent relaxation of ceilings on bank lending and the proposed easing of exchange controls form part - the Government believes that subsidies are more of a "drug" to industry and a heavy burden on the budget.

Of the approximately FF 50bn of medium and long-term loans currently made available to industry for investment by largely state-owned specialised institutions, some two-thirds are currently offered at subsidised rates. The rates for private industry vary from 9.25 per cent to just under 14 per cent. The current market rate for medium and long-term loans of 14.50 per cent.

Over the years a host of differing subsidised rates have sprung up as governments have sought to protect industry against the rise in interest rates. When the new measures become fully applicable there will be only a single subsidised rate of 9.25 per cent. The Government believes that this is in a context of medium-term rates for industry falling soon to 13 per cent.

Industry has long complained of the complexity of the procedures for obtaining subsidised credit. It is by no means certain, however, that it will welcome a drop in the volume of subsidies even though their being phased down coincides with some reduction in industry's tax liabilities.

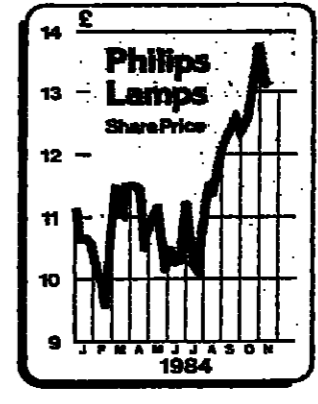
The Government is expected, however, to make available more loans at the preferential rate of 9.25 per cent in part to offset the elimination of other subsidised rates. It has yet to decide which industrial sectors will have priority in the allocation of the new subsidised credits.

The new measures which have yet to be officially announced, come at a time when industrial investment is picking up in France though the strength and durability of the recovery remains uncertain.

The new measures do not affect the large volume of subsidised credits available in France for export purposes, housing or agriculture.

THE LEX COLUMN

New rules for an old game



The Bank of England's discussion paper on the gilt-edged market is a thoroughly meticulous document which should broadly satisfy both users and participants. At this distance from big bang day, the Bank is in the unenviable position of writing an operating manual for a vehicle whose components are still in the design stage. But, while recognising that the odd chapter may have to be rewritten, the Bank has provided enough of a guide for prospective market-makers to form a commercial judgment.

The capital ratios have been set tightly enough to discourage all but the best qualified market-makers from submitting applications. So, with a bit of luck, the Bank may be able to extend its hospitality to all serious applicants. Meanwhile, by turning its back on the idea of a last-trade tape, the Bank has probably built in enough market-making privileges to attract a healthy number of players.

There are still plenty of grey areas. The relationship, for example, between a market-maker and the issuer is not comprehensively explored, although the insistence on separate capitalisation should go some way towards preventing contamination. Similarly, the definition of continuous market-making obligations is rather vague - perhaps inevitably so - and the Bank will be relying on the discipline of the market itself to ensure that market-makers do not leave the phone off the hook on a bad day.

The document is at its weakest when the Bank tries to blend the old with the new. The requirement of Stock Exchange membership looks a bit of a sop to the institution across the road and will only be acceptable if membership criteria are radically recast. The discount houses, meanwhile, emerge in what seems a highly privileged position. They are now free to raise equity capital as they please, will be able to participate as gilt-edged market-makers and will enjoy more generous capital ratios than other players in the money markets.

Smaller discount houses are suddenly starting to look rather pleasing acquisition targets.

night at 483p per share, Dixons' bid now represents almost twice the Currys share price at the beginning of October.

In arguing for more, Currys looks shackled with a shortage of credibility in the City of London - a problem which its defence document must surely have exacerbated. It has laid claim to a wealth of strategies where one good one might have served it better. The time-honoured complexity of Currys' accounting methods has left several question marks hovering over its pro forma earnings resurgence for the three months to October.

This leaves much hanging for the defence on Currys' property valuation. But at 227p per share, the portfolio already takes account of a directors' revaluation which has more than trebled last January's net book value. Some drastic sale-and-leaseback plans could well be in the offing. No doubt Dixons has much the same in mind to help it reduce a prospective net debt gearing which could rise as high as 75 per cent.

Dixons' own shares have risen 50p to 355p since it announced its bid. Perhaps the institutions have simply grown more confident in Dixons' ability to make the most of a reorganised Currys - unless, of course, there is someone in the market with bigger plans altogether.

UK banks agree on JMB loss package

BY DAVID LASCELLES IN LONDON

A £150m (\$190m) package of indemnities to cover exceptional losses at Johnson Matthey Bankers has been agreed by the Bank of England and a group of UK clearing banks, accepting houses and gold houses.

This was announced last night by the Bank of England after several weeks of difficult negotiations since JMB was rescued from the brink of collapse more than a month ago.

The indemnities are designed as a contingency reserve should JMB's ultimate losses turn out to be more than the bank's capital, which currently stands at £170m. Technically, this means the Bank is preparing

for worst-case losses of £320m. But this size are extremely unlikely. The fact that the package is also much larger than the £100m originally foreseen was said to reflect a compromise between the Bank and the participating banks rather than the extent of the expected losses.

The banks, which are putting up £73m, insisted that the Bank of England put up a similar amount, rather than the £25m first envisaged.

The bulk of the bank's share is being contributed by the clearing banks, with £35m. The four mem-

bers of the gold ring, of which JMB is the fifth, are in for £30m, and the accepting houses (other than those in the gold ring) for £10m.

The indemnities relate only to losses on JMB's commercial loan portfolio which was the source of its problems. The rest of JMB, including its gold business, is operating profitably.

The Bank of England's contribution, if called upon, will come out of the reserves of its banking department, which earns money from its financial transactions. Strictly, therefore, it is not taxpayers' money, although it belongs to the public sector. This is a sensitive point in light of accusations in Westminster that the Bank bailed out JMB unnecessarily.

Few details of the terms of the indemnities were immediately available last night. However, they are believed to allow participating banks to share in the profit when JMB is sold back to the private sector, which the Bank has said is its intention.

The clearing banks had vigorously resisted pressure to provide the indemnities, arguing that they were not responsible for JMB's losses.

Reagan's pep and patriotism

Continued from Page 1

spreading economic and moral virtues alike.

"Four years ago when we celebrated victory in this same room our country was faced by some deep and serious problems," President Reagan said. "But instead of complaining together, we rolled up our sleeves and began working together."

"We said we would get inflation under control and we did. We said we would get America working again and we created more than six and a half million new jobs."

"We said we would work to restore traditional values in our society, and we have begun, and we said we would slow down the growth of government and the rate of its spending increases and we did."

"We said we would get interest rates down and we did. We said we would rebuild our defenses and make America prepared for peace."

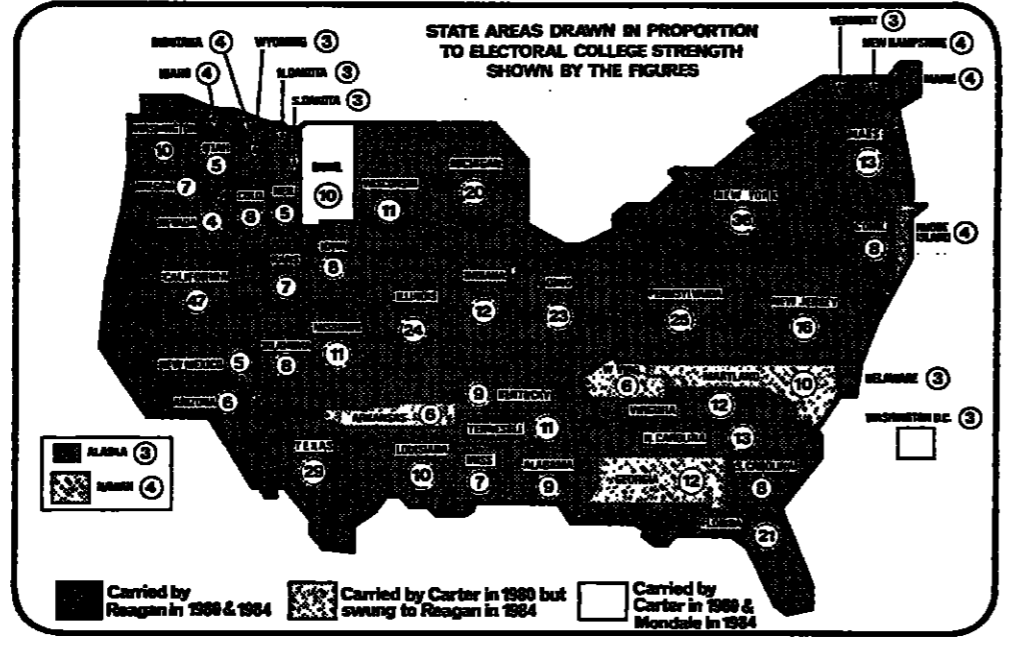
Turning to the need to rebuild the U.S., the President said he would work during his second term to help to restore the vitality of the country's decaying industrial regions.

It was now time to do something more to bring down the level of nuclear armaments, but in the meantime "America's best days lie ahead - and I am going to say it again," he added, referring to one of his campaign trail specialties, "you ain't seen nothing yet."

The Republicans chose the Central Plaza, out in the posh Beverly Hills suburb where animal hospitals jostle for place with Mercedes dealerships, partly because it is one of the biggest hotels in town.

About 20,000 Californian campaign workers made the trip this year to celebrate a victory which many believe has established the party on a new base in the state.

The Republicans organised a huge drive to register new voters this year, adding more than 20 per cent in some districts, and



WORLD'S LEADERS EXPRESS OPTIMISM

● The Soviet leadership, in a congratulatory telegram to President Reagan, said it wanted to "rectify Soviet-American relations." The time had come for practical action to ease world tensions, President Konstantin Chernenko told a Kremlin reception.

● Mrs Margaret Thatcher, the British Prime Minister, said Mr Reagan could count on close co-operation with Britain while President Francois Mitterrand of France sent a congratulatory message beginning "Cher Ron."

● Sr Daniel Ortega, leader of the Sandinista Government in Nicaragua, claimed, however, that his country was now on the brink of a U.S. invasion. Page 4

DETAILS OF THE POLL

Electoral votes	States*	Popular votes (m)	Per cent
Reagan	525	49	58.2m (42.7m)
Mondale	13	2	36.7m (24.4m)
	158	51	63.9m

* Result in 1980. Reagan vs Carter. Independent John Anderson took 7 per cent of popular vote then - including Washington DC.

SENATE

Party	Now	Seats up for election	Opp
Republican	53 (out 2)	19	52
Democrat	47 (gained 2)	14	45
	100	33	100

HOUSE OF REPRESENTATIVES

Party	Now	Seats for election	Opp
Republican	182	+15	167
Democrat	263	-13	256
	445		433*

* 2 seats vacant

doing much better than the Democrats.

By the time polling began, in bright Californian sunshine, the work on the victory rally was already hours old.

Best Audio, the company in charge of all the sound arrangements for the Los Angeles Olympics, started installations almost 24 hours before the President was due to appear.

The system was then put through two hours of ultimate test treatment by a loud Californian Country and Western band

mixing its repertoire with patriotic singalongs and hard rock.

A handful of Mr Reagan's old actor friends appeared, delivering platitudes in a highly meaningful manner.

As the President left, the hardened partygoers settled in for an all-night vigil. One or two gentlemen at the bar looked as though they would have a struggle to make it through to the end in an upright position, but many of the younger supporters began yet again to pick over the pieces of a famous victory.

This younger generation attracted a great deal of praise from the speakers, including the President, who sees the possibility of consolidating the future Republican position on their shoulders.

There is no doubt that they see themselves as standardbearers for a resurgence of traditional values.

"At the end of the day we won because we supported some very strong issues," one of them said, as though wrapping up the debate.

Deutsche Bank buys Morgan Grenfell stake

Continued from Page 1

Deutsche Bank, with assets of £58.4bn, is a universal bank offering a wide range of financial services. Its representation abroad, particularly outside Europe, is limited.

Last week it announced plans to move its dollar Eurobond operation from Frankfurt to London.

Morgan, widely considered to be one of the UK's premier merchant banks, has a wide international presence, but only a representative office in West Germany.

Mr Christopher Reeves, group chief executive, said the deal would help Morgan to sustain the rapid growth of its international business, and provide extra capital to support its development, particularly in the London securities markets.

News of the deal comes only two days after Union Bank of Switzerland bought a 29.9 per cent stake in Phillips & Drew, the London stockbrokers, underlining the continental European banks' interest in the City of London.

This is not the first time Morgan has had foreign shareholders up to 1980, it was 38 per cent owned by Morgan Guaranty of New York.

Shares in the bank are privately held, but it was not clear yesterday whether Deutsche Bank's stake altered Morgan's announced intention to seek a public listing next year in order to raise more capital.

The £31m Morgan is paying for its securities venture - a sum which does not include the cost of capitalising it - underlines the substantial resources the group is going to need.

Dixons/Currys

A quirk of the UK Takeover Code yesterday had Dixons disclosing its revised bid for Currys with much nodding and winking about the finality of the new terms. It was not until mid-afternoon that enough time had elapsed since the original offer that Dixons could openly describe it as final. Few Currys shareholders could reasonably have thought otherwise. Valued last

World Weather

Location	Temp	Wind	Cloud	Humidity	Pressure
Algeria	18	15	15	70	1015
Amman	15	10	10	70	1015
Antwerp	10	10	10	70	1015
Athens	15	10	10	70	1015
Bahia	25	10	10	70	1015
Bangkok	28	10	10	70	1015
Bombay	28	10	10	70	1015
Buenos Aires	15	10	10	70	1015
Calcutta	28	10	10	70	1015
Cairo	18	10	10	70	1015
Cardiff	10	10	10	70	1015
Chennai	28	10	10	70	1015
Cebu	28	10	10	70	1015
Dhaka	28	10	10	70	1015
Dublin	10	10	10	70	1015
Frankfurt	10	10	10	70	1015
Geneva	10	10	10	70	1015
Hanoi	28	10	10	70	1015
Hong Kong	28	10	10	70	1015
London	10	10	10	70	1015
Los Angeles	15	10	10	70	1015
Madras	28	10	10	70	1015
Manila	28	10	10	70	1015
Mumbai	28	10	10	70	1015
Nairobi	15	10	10	70	1015
Paris	10	10	10	70	1015
Rangoon	28	10	10	70	1015
San Francisco	15	10	10	70	1015
Singapore	28	10	10	70	1015
Sydney	15	10	10	70	1015
Tokyo	15	10	10	70	1015
Washington	15	10	10	70	1015
Zanzibar	15	10	10	70	1015

Fuji irregular dealings

Continued from Page 1

Mr Akazawa was able to conceal some of his dealings, the bank said, by trading in other money centres after the New York close. He avoided calls upon the bank for cash to meet losses along the way by rolling his position over into newer and larger forward contracts which would not have to be settled for a month or more into the future, and could themselves be rolled over into other contracts as they fell due.

Fuji Bank's difficulty echoes that suffered in 1982 by Dai-ichi Kangyo Bank, Japan's largest, which lost ¥9.7bn through unauthorised foreign-exchange dealings at its Singapore branch. Japan's Ministry of Fi-

Gold Outlook for 1985.

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BIS FIGURES SHOW NEW TREND IN LOAN BUSINESS

Bond markets poach from banks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

CONFIRMATION of the degree to which world bond markets are poaching business away from traditional commercial bank lenders comes today with the publication of new figures on international banking flows by the Bank for International Settlements (BIS).

Table with 4 columns: Quarterly increase in international bank business (\$bn), 1983 (Q1-Q4), 1984 (Q1-Q2), Total outstanding at end June. Rows include Total external assets, Interbank assets, and Net international bank credit.

Figures adjusted for exchange rate changes. Source: BIS

The figures show that international banks lent on balance no new money during the second quarter to non-bank customers in the main industrialised countries. This was a development related partly to the buoyancy of international bond markets, says the Basle-based BIS.

ties to examine the impact of Continental Illinois' problems on the international banking industry as a whole.

What appears to have happened, the BIS says, is that the affiliates of Continental Illinois abroad found themselves unable to raise funds locally and had to be financed from head office, presumably through the safety net provided by the Federal Reserve and other large commercial banks.

This was one of the main factors behind a leap of \$19bn in the claims of banks in the U.S. against banks abroad. In turn, this provided the principal impetus behind the \$43bn increase in total international bank business during the quarter, the BIS says.

Subsidiary factors may also have been head office funding by other U.S. banks of their foreign operations, as well as a general lack of confidence in the banking system

associated with the Continental Illinois rescue and the emerging debt problems of Argentina.

This led some bank customers to divert their money into the bond market and into U.S. domestic securities. The resulting shortage of dollars in the Euromarket had to be made good by banks elsewhere in the world drawing on credits with U.S. institutions.

Taken as a whole, the BIS says, that total international bank lending expanded by \$62bn during the first half of this year, more than twice the increase recorded in the same period of 1983, although still well below rates recorded in earlier years. Net of double counting and exchange rate effects, the underlying increase in international bank credit during the second quarter was about \$25bn.

About two thirds of this was absorbed within the main industrial countries, whose banks report to the BIS. With no net increase in

cross-border lending, the funds were used by the banks concerned to provide credit to their own domestic customers.

New credits to non-Opec developing countries accelerated to \$4.4bn from \$1.2bn in the first quarter, with one feature being evidence of a voluntary increase in lending to Mexico. Mexico's borrowings from the banks rose by about \$1bn, which bankers say reflects a new willingness to grant short-term trade credits.

There was also a modest increase in lending to Opec countries while smaller industrial countries took \$3.8bn, of which \$1.1bn went to Australia. Lending to Eastern Europe declined by \$1.2bn, offsetting increases recorded during the previous two quarters.

Amplifying its point on the surge in interbank business, the BIS says that direct customer deposits at international banks fell by \$1.1bn during the quarter after a rise of \$1.4bn in the first quarter.

While this gap was made good through interbank borrowings from the U.S., additional funds also entered the market through the fiduciary accounts of Swiss banks (\$2bn) and through deposits by central banks within the industrialised world (\$3bn).

Eurobonds, Page 38

Rockwell earnings up 28% in year

By Our Financial Staff

ROCKWELL International, the U.S. aerospace, electronics and automotive group, yesterday reported a jump of nearly 28 per cent in annual profits and forecast another record for fiscal year 1985.

On the back of buoyant conditions in its chief markets, Rockwell confirmed the surge in earnings seen in the last three quarters with a final quarter rise from \$110.6m, or 71 cents a share, to \$138.6m, or 93 cents.

This lifted the full-time total to \$496.5m, or \$3.25 a share, from \$389.1m, or \$2.52 a share, for the 12 months reached \$9.32bn, up from \$6.1bn, with \$2.61bn, against \$2.22bn, coming in the latest three months.

For the year automotive, aerospace, and electronics divisions turned in record profits, while General Industries was higher but below its peak.

Automotive operating earnings rose sharply to \$214.8m against last year's \$44.5m. Sales rose to nearly \$1.8bn from \$1.2bn a year ago. The company attributed this success to the recovery of the heavy duty truck market in North America and benefits from cost cuts.

Cincinnati Milacron, the U.S. machine tool company, continued its recovery in the third quarter with a swing from a net loss of \$2.88m, or 13 cents per share, to a profit of \$8.27m, or 35 cents, aided by a \$6m tax gain.

For the nine months, earnings emerged at \$13.4m, or 57 cents, against \$11.92m, or 54 cents, deficit in the same period a year ago.

Sales for the three months advanced to \$184.2m from \$132.4m, taking the nine-month total to \$494.6m.

Control Data may sell credit unit as downturn bites

BY TERRY BYLAND IN NEW YORK

CONTROL DATA, the struggling computer and computer products group, may dispose of its Commercial Credit financial services subsidiary as part of the retrenchment programme which has followed a downturn in profits.

No decision has been taken on the possible sale of Commercial Credit, which brought in about a quarter of Control Data's total sales of \$4.6bn in fiscal year 1983.

The board said, however, that if such a sale was negotiated, it planned to buy in a "substantial portion" of the 38.2m issued common stock of Control Data.

No price is indicated for the financial subsidiary, which has assets of \$6.6bn. The insurance divisions have been meeting severe price cutting difficulties, but the subsidiary is now seeing a turnaround in earnings as a result of successful moves to improve operating performance, said the directors of the parent group.

Control Data, number four in the U.S. information processing industry, turned in a \$54.5m loss for the third quarter, after taking a \$70.3m charge on quitting the IBM-compatible equipment business - its first quarterly loss for a decade.

Strong advance for Atlas Copco

By David Brown in Stockholm

ATLAS COPCO, the Swedish rock-drilling, compressor and industrial tools group, reported a continued sharp rise in pre-tax profit after the nine months ending September, on the heels of a rationalisation which led to lower interest and currency exchange expenses.

Pre-tax profit more than doubled from SKr 190m (\$22.4m) to SKr 343m. Sales climbed 9 per cent to SKr 6.38bn and operating results after depreciation rose 22 per cent to SKr 565m. The result was helped by a SKr 22m improvement in net interest costs (SKr 209m), SKr 33m lower exchange losses (SKr 67m), and a small extraordinary gain.

The group profit margin rose from 2.7 per cent to 5.1 per cent. Order bookings climbed 17 per cent to SKr 787m. Sales outside Sweden accounted for 92 per cent of the total turnover.

The upturn was centred on the U.S. and the Far East, where Atlas Copco won a number of important orders from China. It plans to open an office in Peking. A modest upturn was also noted in Western Europe.

The group reported a continued shift in sales from developing countries to manufacturing customers in the industrialised world.

The building and construction market remained weak, but an upturn was noted in the mining sector. The Atlas air power division, which accounted for nearly half of total sales, saw earnings rise from SKr 114m to SKr 251m. All but one of the other units reported satisfactory results.

Mr Tom Wachtmeister, group chief executive, repeated his earlier prediction of SKr 500m in profits - double the previous year - and 13 per cent higher sales of SKr 9bn for 1984.

Levitz board approves \$318m bid

BY OUR FINANCIAL STAFF

THE FUTURE of Levitz Furniture, the Miami-based home furnishings retailer which has been the subject of rival takeover bids this year, may soon be resolved after approval by the board of a \$318m leveraged buy-out offer.

The board accepted a letter of intent from a group including certain members of Levitz's management, Citicorp Capital Investors and Drexel Burnham Lambert, for a

\$30-per-share cash bid. Levitz, the largest U.S. furniture retailer, pioneered the warehouse-showroom concept of retailing home furnishings.

Net profits more than tripled last year to \$27.4m on sales of \$644m, and 1984 is expected to be another good year as the housing market continues its strong rebound from recession.

In June, Dalfort, a company con-

trolled by the Pritzker family made a cash-and-securities offer which it valued at \$33.50 a share. The Pritzkers hold 22.5 per cent of Levitz shares and in 1980 failed in an earlier attempt to take control of the company.

The latest Pritzker offer was topped in August by a \$34 a share bid from Alger Associates, which has since sweetened its offer to \$37 a share in cash and debentures.

BASF plans \$150m Brazil investment

By Andrew Whitley in Rio de Janeiro

BASF, the West German chemicals manufacturer, is to consider next week a batch of investments totaling more than \$150m in Brazil, where it is already a leading producer of fine chemicals.

Herr Jürgen Strube, president of BASF Brasileira Industrias Quimicas, a wholly owned subsidiary, said the West German giant was planning a "new investment cycle" in Brazil.

He said the final decision by the board would have to take into account the political climate over the next decade, after the transition to civilian government next March.

BASF Brasileira and its seven associated companies in Brazil, are likely to produce sales of about \$400m this year, according to Herr Strube. He also forecast that the group would remain in profit in its 1984 financial year, but would not be drawn on a figure.

He said profits in the first 10 months were down on those recorded in 1983, Cr 9.8bn (\$15.6m at the average exchange rate) for BASF Brasileira, the largest company in the Brazilian group.

Exports, however, were up by nearly 30 per cent at \$31m over the same period.

Of the \$150m to \$100m that BASF is considering investing over the rest of the decade, Brazilian Government permission has already been sought on projects which would total about \$90m.

The largest of these - budgeted at \$75m - would produce raw materials for disposable plastics and adhesives.

New software link-up by U.S. group

By Jason Crisp in London

MICROSOFT, one of the leading U.S. micro software suppliers, has made a strong effort to provide the standard software to link personal computers in a network.

The ability to connect personal computers within businesses is expected to become an important market. It means that personal computers can communicate with each other and share equipment such as printers and mass storage devices.

The new software developed by Microsoft is strongly placed to become the standard. The program, called Microsoft Networks, has already been adopted by International Business Machines (IBM) for its best-selling Personal Computer, and by several other leading U.S. companies, including Texas Instruments, Hewlett-Packard and Intel.

For the first time, Microsoft announced a worldwide product launch in the UK. The launch was made in conjunction with Applied Computer Techniques, the fast growing British microcomputer company, which will be the first company to sell computers that can use the network. IBM is not expected to launch its version, PC Net, until next year.

Mr Bill Gates, chairman and founder of Microsoft, said at present only 10 per cent of personal computers in business were linked in networks. He said that at a conservative estimate 40 per cent would be in a network within two years.

Advertisement for PaineWebber Capital Markets, listing management staff including Joseph J. Steuert, Cornelius M. Ryan, Edwin M. Burke, Jr., James M. Luse, Didier Benaroya, Robert J. Crowley, Jr., and Kevin J. Degen.

Advertisement for Microsoft Networks software, describing its features and market potential.

Large advertisement for The Long-Term Credit Bank of Japan Finance N.V. (LTCB), featuring a \$100,000,000 offering of 12 7/8% Guaranteed Notes Due 1991, and listing various international banks as agents.

Advertisement for Hongkong Bank, announcing annual rates for Base Rate (10%) and Deposit Rate (7%), effective from November 7th, 1984.

INTL. COMPANIES & FINANCE

Bursting into growth



Crédit Agricole has become one of the most successful banks in the world by meeting the domestic requirements of its customers. It is now a considerable international banking force with interests and services extending to various areas of industrial and commercial activities, forming natural extensions from the agricultural business of its origins. Crédit Agricole is pleased to announce that its London Branch is formally open as of today, 8 November 1984, and welcomes calls from both existing and future customers.



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France sets aid deadline for machine tools maker

By David Marsh in Paris
THE FRENCH Government has effectively set a deadline of the end of the month to solve pressing financial and industrial problems at H. Ernauld Somua (HES), one of the country's leading machine tool makers.
The Government, which has injected FFr 400m (\$44m) into HES over the last two years, is trying to use the threat of a takeover by the Japanese machine tools group, Toyoda, to spur publicly-owned French groups into making alternative proposals to absorb HES.
The HES dossier is one of the leading cases being discussed by the Inter-ministerial Ciri committee for handling companies in distress. M Pierre Bergey, the new Finance Minister who took over in July, has directed that public aid for HES—part of the private sector Empain-Schneider conglomerate—must be phased out in line with general budgetary rigour.
The board of HES, which had losses of FFr 239m in 1983, or around the same as its turnover, resigned last month in protest at government plans to cut off aid. The company is being run provisionally by a court-appointed administrator.
The Government is trying to push Intelautomatisme, the public sector machine tools grouping owned predominantly by the Compagnie Financière de Suez group, into taking HES under its wing. Renault, the state car group which HES has important automated assembly and robotics activities, is also a potential candidate to line up with Intelautomatisme in absorbing HES.
Another possibility is that Toyoda, which already has a joint venture with HES for making milling machinery, could take over the company. Ciri is unashamedly using the threat of a new Japanese entry into the European machine tools sector to speed up a possible solution involving French shareholders.
In the absence of an industrial takeover, HES is expected to file for bankruptcy in the last week of the month. The company's management will keep the company going only to around the end of the month.
"The fact that the menace of Toyoda exists creates anxieties among those companies most directly concerned, including public sector groups," said one official, adding that this should prove a "stimulant" to finding a solution.
Intelautomatisme, in which the state Industrial Development Institute and CIT-Alcatel, the telecommunications group, also have stakes itself recently signed a collaboration accord with Hamal, the third largest Japanese maker of vertical machining equipment.

Philips more than doubles third-quarter earnings

BY OUR FINANCIAL STAFF

PHILIPS, the Dutch electrical group, more than doubled third-quarter net profits from Fl 103m to Fl 241m (\$72.3m), helped by a strong performance in the industrial supplies sector and big rises in sales in the U.S. and Canada.
The latest figure, which compares with the relatively low profit level in the third quarter of 1983, takes net profits for the first nine months to Fl 735m, compared with Fl 362m in the 1983 period.
Sales in the latest quarter advanced from Fl 11.2bn to Fl 13.1bn, taking the nine-month figure to Fl 37.3bn, against Fl 31.3bn. Trading profit jumped from Fl 644m to Fl 893m in the quarter and from Fl 1.75bn to Fl 2.5bn in the nine months.
The company said that as a result of the favourable development of the markets for sub-assemblies, particularly those for integrated circuits, the rise in sales in industrial supplies was far higher than the average

for the company as a whole. The sector made the most important contribution to the improvement in trading profit.
Trading profit improved in the sectors covering products and systems for professional applications, and lighting and batteries. However, pressure continued on trading profit in home electronics and personal care products, mainly as a result of the difficult market situation in Europe.
Philips said that thanks to the strong economic growth in North America and the continuing high dollar exchange rate is achieved very substantial rises in sales in the U.S. and Canada. Trading profit also rose sharply in this region.
Elsewhere, trading profit in Europe was varied, with favourable developments in the Netherlands and Scandinavian countries, but falls in profit in countries with "a difficult economic situation," such as France, Spain, Italy and the UK.

Profit levels were maintained in Latin America, where there was a recovery in sales growth, and in Asia, while profits improved in Australia and New Zealand.
The company continues to believe that sales and profit objectives for 1984 will be achieved. It warns, however, that although stocks will decline further in the fourth quarter, it will not be possible to achieve a 10 per cent cut in stock levels this year.
The company will decide on the declaration of an interim dividend on December 6.
Separately, Philips said yesterday that it planned two issues of bonds with warrants to buy Philips shares. The issues, which will be in guilders and D-marks, will total around Fl 580m, and will be used to finance company activities and to fund short-term loans. The rise in shares outstanding will be less than 6 per cent if the warrants are exercised in full.
See Lex

La Centrale in black for first time since 1981

By Alan Friedman in Milan

LA CENTRALE, the financial holding subsidiary of Nuovo Banco Ambrosiano, has announced a net profit of L27bn (\$14.8m) for the year to last June—the first time a profit has been recorded since 1981.
The profit compares with a L19bn loss in 1982-83 and a much larger L28.5bn deficit in 1981-82. In 1980-81 La Centrale made a negligible profit.
The latest profit is largely the result of the sale earlier this year of La Centrale's stake in Credito Varesino, a private Lombardy bank. This helped to reduce debts which arose from the days when La Centrale was manipulated by the late Sig Roberto Calvi of Banco Ambrosiano. Nuovo Ambrosiano, the successor bank to Sig Calvi's institution, has 47 per cent of La Centrale and is considering a merger with its subsidiary some time next year.
Invest Group, the Milan-based Bonomi private holding group whose interests include textiles, insurance, finance, pulp and paper and wines, yesterday received approval from shareholders to merge with Beni Immobiliare (BII), another Bonomi family company primarily involved in real estate.
Two extraordinary shareholders' meetings were held in Milan to approve the operation, which is part of an overall restructuring of the Bonomi interests which are managed under Dr Carlo Bonomi, the Invest chairman. The new group will have a net worth of L300bn and will produce a consolidated balance sheet for all of the holdings of Invest and BII.
Last year Invest Group made profits of L9.5bn (\$5.4m) on total turnover of L1,595bn. Dr Bonomi said yesterday he hoped the cost saving expected to result from the merger would improve group profit margins.

Conti-Gummi expands overseas

BY JOHN DAVIES IN FRANKFURT

CONTINENTAL Gummi-Werke, West Germany's biggest tyre maker, is gaining an increasingly firm foothold in Japan and the U.S.
Its Japanese partner, Toyo Tire and Rubber, is planning to increase its production of Continental tyres from about 200,000 this year to about 230,000 next year.
At the same time, General Tire and Rubber of the U.S. is expected to boost output of Continental tyres to about 200,000 next year, after turning out between 100,000 and 120,000

this year.
Conti-Gummi has been building up its co-operation with both companies in recent years, moving from exchanges of technical know-how to local production supplementing imports from Europe. Although the local output of Continental is still small, Conti-Gummi sees it as a key element in its strategy of cautious expansion with minimum outlay outside its European base.
The West German company expects profits this year to be similar to last year's results,

despite the effects of the seven-week metalworkers' strike. It also envisages a payout of DM 3 a share on its increased dividend rate as last year. After major restructuring measures over the past decade, the company's three major divisions of tyres, technical rubber products and other subsidiary operations are all profitable.
Herr Helmut Werner, the chief executive, has indicated that the group expects sales to reach DM 3.5bn (\$1.18bn) this year, compared with DM 3.34bn

Record year at Cyprus Air

By Andreas Hadjipapas in Nicosia

CYPRUS AIRWAYS, the island's national carrier, had record profits of C£4.8m (\$8m) last year, after depreciation and interest on capital borrowings, says Mr Stavros Galatariotis, the airline's chairman.
He described 1983 as "the year with the best ever commercial, operational and financial results," with the passenger load factor reaching a high 89.9 per cent, adding that the result was achieved "with any subsidy from the Government."
Mr Galatariotis again expressed strong objections to "uncontrolled" charter flights to Cyprus from London and other key areas, which have been sought by tour operators and travel agents.
Three new points in the UK—Glasgow, Cardiff and Newcastle—have been added to the airline's 1984 network. Passenger traffic on the UK routes had gone up by 21 per cent last year and there were prospects for even higher increases in coming years.

East German trade bank raises \$150m Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DEUTSCHE Aussenhandelsbank East Germany's foreign trade bank, is raising \$150m in the Euromarkets through a six-year credit led by the Luxembourg subsidiary of West Germany's Deutsche Bank.
The credit marks a relatively rare opportunity for the international banking community to subscribe to an East German deal, though the country has arranged a large borrowing this year from West German banks with the support of the Bonn Government.
Deutsche Bank yesterday declined to reveal the terms of the loan, which is to be assembled on an extended club basis with leading international banks. But as news of the credit spread through the market, it was clear that interest was keen.
One factor prompting interest is the general rehabilitation of East European borrowers as the traumas surrounding the Polish and Romanian debt problems recede. Borrowers such as East

Germany, which has a reputation for prompt payments on its foreign debt, have found their deals in demand.
A recent SwFr 60m credit for Intrac, an East German trading company, was increased to SwFr 100m. Earlier this year a \$50m credit for Deutsche Aussenhandelsbank led by First Chicago was also increased to \$75m because of oversubscription.
The new deal, which bears a grace period of 3½ years before repayment starts, is larger than both these credits, however. It also bears a longer maturity than the other two credits, which had a life of four and five years respectively.
Bankers say that since the First Chicago deal was put together in the spring, appetite for East German loans has increased because the country has cut back its short-term trade-related borrowing to create an appetite for longer-term credits in the Euromarket.

Volvo seeks Paris quote

By Kevin Done, Nordic Correspondent, in Stockholm

VOLVO, Scandinavia's biggest industrial corporation, is to introduce its shares to the Paris stock exchange as part of its drive to spread the ownership of the group's shares beyond Sweden.
Its shares have been quoted on the London Stock Exchange since 1972, on stock exchanges in West Germany since 1974, and in Oslo since 1979.
In September Volvo applied for registration of its unlisted shares with the U.S. Securities and Exchange Commission, and expects trading in its shares on New York's over-the-counter market to begin by early December.
For more than a year its shares have been available in the U.S. in the form of American depositary receipts.
About 85 per cent of group turnover came from markets outside Sweden.

Steel price rise boosts interim profits at Tisco

BY R. C. MURTHY IN BOMBAY

TATA IRON AND STEEL (Tisco), India's largest private sector company, saw profits rise strongly in the half year to September 1984. Pre-tax profits after depreciation and interest were Rs 191.2m (\$15.9m) against Rs 1.6m for April to September 1983.
The half-year profits were nearly equal to the Rs 200.1m of all 1983-84 which were in turn less than half the Rs 448.7m of 1982-83.
Mr Russi Mody, the new Tisco chairman, says the sharp rise in the first half was mainly due to a 12 per cent rise in steel prices allowed by the Government in June, and to increased sales volume. Prices are controlled by the Indian Government.
Production rose by 7.5 per cent to 798,000 tonnes in the half year and sales were up

5.1 per cent to 680,000 tonnes. Mr J. R. D. Tata, who heads the Tata group of companies, retired from the Tisco chairmanship in late October after 46 years. He will continue on the Tisco board. Mr Russi Mody has been Tisco's managing director since April 1974, its vice-chairman since April 1979.
Tisco has not computed after-tax profits for the half year. Provision for losses of more than Rs 50m made by the bank was a group of companies retired from Metal Box India has not been made. The Indian Government is yet to approve the deal.
Tisco is a blue chip company, the Rs 100 shares of which are now quoted at Rs 320 on the Bombay Stock Exchange. The company's Rs 300m non-convertible debenture issue attracted subscriptions of Rs 1bn.

Israeli holiday operator in temporary receivership

BY LYNNE RICHARDSON IN TEL AVIV

MAOF AIRLINE, which offers holidays in Israel through its tour operator, Four Seas, was closed down with declared debts of \$10m.
Hundreds of tourists are being down home on other airlines with their fares being met by a \$500,000 bond the airline had posted with the Civil Aviation Authority in Tel Aviv.
The private company, which had built up a solid reputation in its three years of operation, was placed in the hands of a temporary receiver on Sunday. The airline's assets were assessed at \$7.8m and its debts put at \$10.6m.
Maof's problems have been attributed by Mr Yitzhak Gadish, its managing director, to over

expansion and faulty marketing, and unfair competition from El Al, the national carrier.
Last year Maof spent \$2m on promoting tourism from Britain, Germany and Switzerland, said Mr Gadish, but the Israeli Government had consistently put obstacles in the way of the charter operator to divert passengers to El Al.

N. AMERICAN QUARTERLY RESULTS

BP CANADA Oil and gas		MOORE Business Joints (Canadian)		TEXAS AIR Domestic carrier	
1984	1983	1984	1983	1984	1983
Revenue	192.2	125.0	404.4	442.7	385.2
Net profits	30.3	19.1	29.2	23.9	17.2
Op. net per share	1.41	0.89	1.02	0.84	1.03
Five months					
Revenue	95.0	57.1	1.02	1.33	0.72
Net profits	15.0	6.2	0.54	0.73	0.22
Op. net per share	0.27	0.12	2.54	2.58	1.04
CONSOLIDATED INTL Multi-line insurance		NATIONAL CAN NATURAL CAN Natural containers		TEXAS EASTERN Gas pipelines, oil	
1984	1983	1984	1983	1984	1983
Revenue	312.2	308.6	594.2	483.2	1,256.2
Net profits	32.2	34.4	19.7	19.0	1.5
Op. net per share	1.06	1.04	1.34	1.29	0.45
Five months					
Revenue	156.1	153.8	297.1	241.6	572.2
Net profits	15.0	15.0	10.6	10.0	1.5
Op. net per share	0.27	0.12	0.29	0.29	0.45
CONSOLIDATED NATURAL GAS Integrated gas system		NAT. DIST. & CHEM. Chemicals, spirits, metals		THOMPSON NEWSPAPERS Printing and publishing	
1984	1983	1984	1983	1984	1983
Revenue	474.0	477.4	500.7	474.0	572.2
Net profits	15.0	6.2	10.6	10.0	1.5
Op. net per share	0.27	0.12	0.29	0.29	0.45
Five months					
Revenue	140.2	137.0	218.1	227.2	78.2
Net profits	14.0	13.0	1.36	1.33	0.54
Op. net per share	0.23	0.21	1.36	1.33	0.54
FRANK R. HALL Insurance broker		OVERSEAS SHIPPING GROUP Bulk cargo shipper		TRAVELERS Diversified insurance services	
1984	1983	1984	1983	1984	1983
Revenue	86.0	83.0	67.3	74.2	57.2
Net profits	1.6	1.3	11.1	11.2	9.2
Op. net per share	0.12	0.11	0.43	0.45	0.34
Five months					
Revenue	140.2	137.0	218.1	227.2	78.2
Net profits	14.0	13.0	1.36	1.33	0.54
Op. net per share	0.23	0.21	1.36	1.33	0.54

EUROPEAN TRADED OPTIONS

Tuesday-Wednesday-Thursday-Friday

Only in the Financial Times

NOTICE OF RATE OF INTEREST BANQUE EXTERIEURE D'ALGERIE US\$40,000,000 FLGATING RATE NOTES DUE 1985 In accordance with the Provisions of the Agency Agreement between Banque Exterieur d'Algerie and Citibank, N.A. dated as of October 17, 1983, notice is hereby given that the Rate of Interest has been fixed at 10% and that the coupon amount payable on May 8, 1984 against Coupon No. 13 will be US\$54.05. BY CITIBANK, N.A. (U.S.S.I. Dept.) London Agent Bank November 8, 1984.

INTL. COMPANIES & FINANCE

Advance in earnings at China Light & Power

HONG KONG—China Light & Power, the electric utility which supplies Kowloon and the New Territories, has reported a 25 per cent rise in net earnings for the year to September 30 to HK\$996.5m (U.S.\$128m) from HK\$799.3m in 1982-83.

South African Breweries hit by austerity measures

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Breweries, the diversified consumer goods group which has a monopoly of the South African beer market, suffered from the introduction of economic austerity measures in the six months ended September 30 1984 and is not optimistic on near-term prospects.

First-half turnover increased by 17.9 per cent to R2.63bn (\$1.4bn) from R2.15bn in the corresponding period of 1983. However, a narrowing of trading margins left operating profits before interest and tax ahead by only 12.2 per cent to R157.5m. Turnover for all 1983-1984 was R4.82bn and operating profits were R369.1m.

Higher interest rates gave rise to a slight decline in first-half pre-tax profits to R101.8m from R102.7m.

the furniture manufacturer, contributed unchanged attributable earnings in total, the directors report. The board says that consumer spending has been "substantially impacted by the harsh measures introduced in recent months by the authorities."

First-half earnings edged ahead to 27.5 cents from 27 cents a share and an unchanged interim dividend of 10 cents has been declared. For the year to March 1984 earnings came to 79.4 cents a share and a dividend total of 36 cents was paid.

decline in room occupancies in the six months to September 30 but increased turnover to R57m (\$31.5m) from R51.6m and operating profits by 16.3 per cent to R5.1m. For the year to March turnover was R123.8m and operating profits R19.8m.

At the end of September Southern Sun had capital commitments of R105m of which R100m will be spent on a new 800 room hotel to be opened in Johannesburg early in 1986.

First-half earnings rose to 20.5 cents a share from 20.3 cents and an unchanged interim dividend of 14 cents has been declared. Earnings totalled 53.1 cents a share for the last full year and a dividend total of 40 cents was paid.

Elders insists on full banking licence

By Michael Thompson-Noel in Sydney

ELDERS-DXL, the Australian pastoral, trading, brewing, and finance conglomerate repeated yesterday that more of its finance business would move offshore if it failed to win a full domestic banking licence.

Applications for an unspecified number of new banking licences are due to be lodged in Canberra by November 23. They will be formally granted early next year.

Last July Elders bought Private Investment Company for Asia (Pica), a Singapore based merchant bank. "This provides us with the basis for a greatly expanded presence in Asia, with offices located in nine Asian capitals," says Elders.

KOREA EXCHANGE BANK

US\$25,000,000

Floating Rate Certificates of Deposit due 1988

Saudi International Bank

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State Bank of New South Wales
Takugin International Bank (Europe) S.A.

Morinaga forecasts loss after poisoning campaign

BY ROBERT COTTRELL IN TOKYO

MORINAGA, the Japanese confectioner the products of which are being poisoned by blackmailers, expects a parent company loss of ¥1.3bn (\$5.4m) before tax and extraordinary items for the year to March 31 compared with a profit last year of ¥4.5bn. Results for the six months to September 30, show a 45 per cent fall in net profits to ¥1.37bn.

The forecasts assumes that the campaign against the company, which began with a threatening letter on September 12, will be terminated this month. The company is cutting directors salaries by 20 per cent, and may cut its year-end bonuses to staff. Production is now running at just 10 per cent of the level before the campaign.

blackmailers who turned their attentions on Morinaga after a similar campaign earlier this year against Ezaki Glico, another large confectioner. Toray Industries, Japan's largest manufacturer of synthetic fibres and synthetic leather, has announced parent company profits of ¥12.43bn (\$51.4m) before tax and extraordinary items, for the six months to September 30, a 36.4 per cent increase.

Net profits totalled ¥7.01bn, down 3.1 per cent, owing to a higher tax charge. Sales for the half were ¥316.45bn, up 5 per cent. Toray experts profits before tax and extraordinary items of ¥25.5bn for the full year on sales of ¥640bn. In 1983-84, it reported profits of ¥20.83bn and sales of ¥612.61bn.

bank leumi (uk) plc

announces that with effect from 8th November 1984, its base rate for lending is reduced from 10.5% to 10% per annum. The deposit rate will be 6.75%.

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CANADIAN UTILITIES LIMITED

17% DEBENTURES 1981 SERIES
NOTICE OF SINKING FUND REDEMPTION
TO THE HOLDERS OF 17% DEBENTURES 1981 SERIES ("1981 Debentures") of Canadian Utilities Limited due December 15, 1984 at 100% of the principal amount...

Table with 3 columns: Designating Numbers, Designating Numbers, Designating Numbers. Lists various numbers for the debentures.

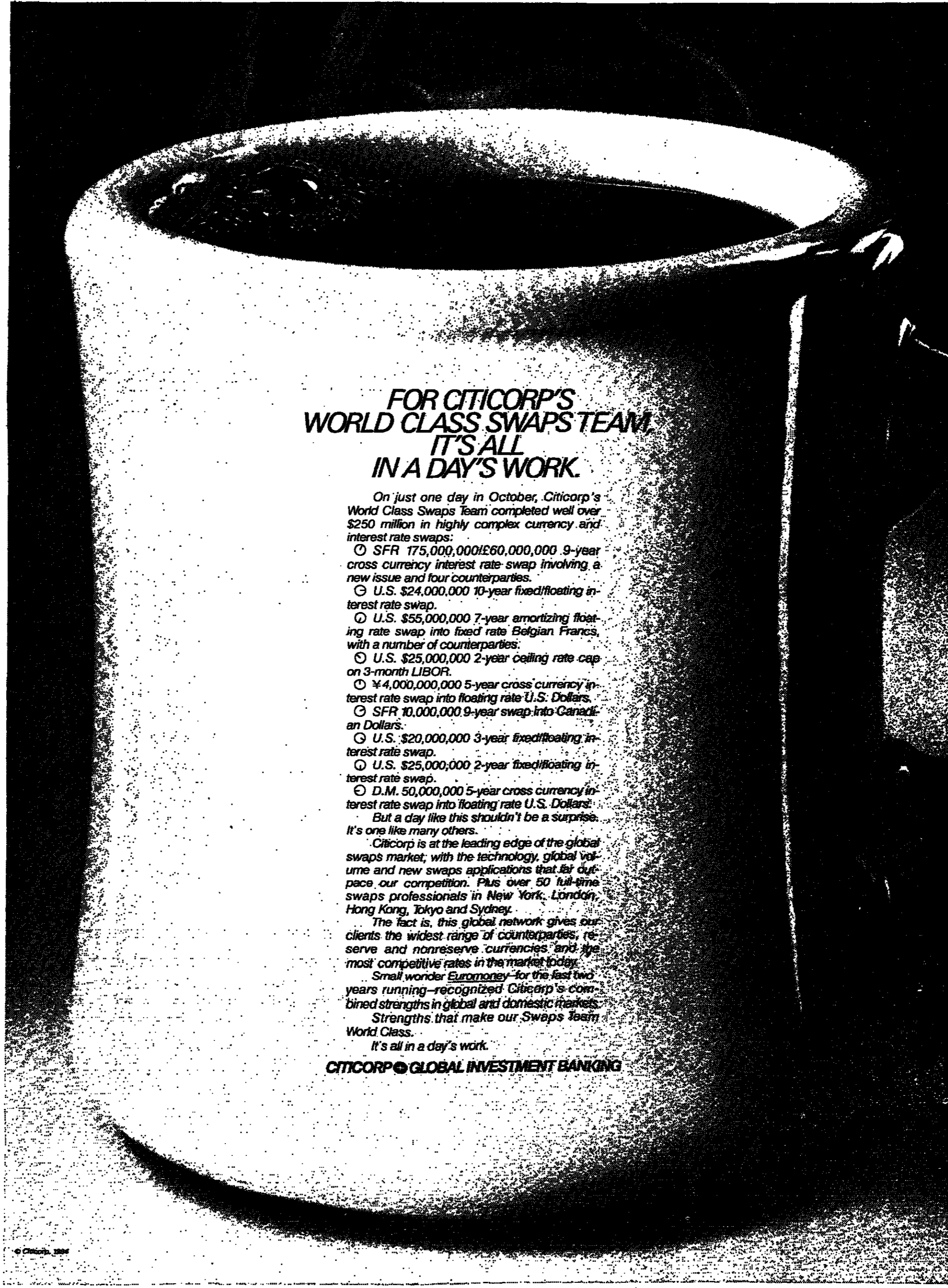
NOTICE IS ALSO HEREBY GIVEN THAT the 1981 Debentures to be redeemed will be redeemed on or about December 15, 1984 at 100% of the principal amount...

Bank of Montreal, 10083 Jasper Avenue, Edmonton, Canada T5J 2J2
Principal Paying Agent
Bank of Montreal, 9 Queen Victoria Street, London, EC4M 4XN, England

1981 Debentures surrendered for redemption must have all unattached coupons (numbered 4-13) attached thereto. In the event all such unattached coupons are not attached...

NOTICE IS FURTHER GIVEN THAT all interest upon the 1981 Debentures to be redeemed shall cease from and after December 15, 1984.

THE NATIONAL VICTORIA AND GRAY TRUST COMPANY, TRUSTEES, on behalf of Canadian Utilities Limited



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On just one day in October, Citicorp's World Class Swaps Team completed well over \$250 million in highly complex currency and interest rate swaps.
SFR 175,000,000/£60,000,000 9-year cross currency interest rate swap involving a new issue and four counterparties.
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U.S. \$25,000,000 2-year ceiling rate cap on 3-month LIBOR.
¥4,000,000,000 5-year cross currency interest rate swap into floating rate U.S. Dollars.
SFR 10,000,000 9-year swap into Canadian Dollars.
U.S. \$20,000,000 3-year fixed/floating interest rate swap.
U.S. \$25,000,000 2-year fixed/floating interest rate swap.
D.M. 50,000,000 5-year cross currency interest rate swap into floating rate U.S. Dollars.

CITICORP GLOBAL INVESTMENT BANKING

INTL. COMPANIES & FINANCE

This announcement appears as a matter of record only



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Société Européenne de Banque S.A.-Luxembourg

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Citibank (Channel Islands) Ltd.

Agent Bank

The First National Bank of Boston

September, 1984

Abitibi-Price sets a lead others refuse to follow

BY BERNARD SIMON IN TORONTO

JUDGED BY financial results, Abitibi-Price, the world's biggest newsprint producer, appears to be having a good year. Sales jumped by 30 per cent to C\$1.68bn (US\$1.3bn) in the first nine months of 1984. Net profits more than doubled, to C\$46.3m.

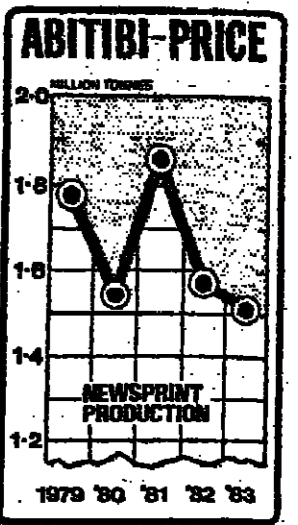
The company's newsprint machines were operating at high capacity between May and July. Business in the normally slack summer months did not fall off as much as expected,

year. According to Mr Gimlin: "Our responsibility is to try to get a fair return for our owners and for our employees. If we can't get away with it, that's another thing."

Mr Gimlin argues that higher returns are essential if the company is to invest in new production capacity to avert severe newsprint shortages, which Abitibi forecasts in North America by 1988. Besides an expected average rise in demand of 3 per cent a year, growth

a third since 1980. Canada's newsprint exports to the U.S. dropped by 4.2 per cent between August and September, while shipments to Europe plummeted by 44 per cent. According to Mr William Hall, Abitibi's senior vice-president for marketing, "The Scandinavians are really filling their hat. We're not even making our costs in some cases."

The Canadian's capacity utilisation has begun to decline. Mr Gimlin says that Abitibi's third quarter earnings of C\$15.5m, compared with C\$9m a year earlier, were "somewhat disappointing."



MAJOR CANADIAN FOREST PRODUCT GROUPS

	Earnings before extraordinary items					5-year total
	1979	1980*	1981	1982	1983	
Abitibi-Price	118.3	94.3	123.4	42.9	38.0	428.9
B. C. Forest	96.7	49.5	17.2	(61.8)	(31.7)	80.7
Consolidated Bathurst	92.3	122.4	101.8	53.4	43.0	418.9
Crown Forest	52.1	36.4	17.1	(23.3)	(17.2)	65.1
Dominion	97.9	96.6	59.4	9.1	40.9	303.9
Great Lakes	46.6	81.4	81.0	18.6	(9.9)	217.7
Macmillan Bloedel	154.9	115.2	(26.7)	(92.3)	2.8	150.9

* Strike year.

and Abitibi's managers were confident that its mills would be working at full tilt by the final quarter of the year. So confident were they that customers were told in early October to expect an 8.5 per cent increase in newsprint prices (measured in U.S. dollars) on January 1, 1985, the second price rise in six months.

The reaction of buyers and other suppliers to that announcement has come as a rude surprise to Abitibi, and has exposed the continuing instability of the newsprint market as well as the declining bargaining power of Canadian producers.

Only one other Canadian newsprint maker followed Abitibi's lead, while publishers—especially in Canada and New England—threatened to strike back by cancelling future orders. The company had little choice but to postpone the planned price increase from January to April. Some industry analysts think that it will have to be deferred again.

But the rise in low-cost newsprint production in the U.S. sunbelt and a sudden burst of competition from Scandinavian exporters have weakened Canadian producers' ability to have their own way. Canada's share of U.S. newsprint supplies has slipped from a peak of 90 per cent to 55 per cent.

Mr Robert Gimlin, Abitibi's chairman and chief executive officer, is unrepentant: "If you look at the return on equity or the return on capital employed of producers, things have been pretty rough." For Abitibi-Price, both ratios stood at around 4 per cent in 1983, and were a still-modest 7.8 per cent and 6.2 per cent respectively, in the first six months of this

year. "The Canadians just can't dictate newsprint prices to the U.S. any more."

Abitibi is especially concerned at the impact on U.S. and European markets of the sharp decline in Swedish and Finnish currencies in recent years. Scandinavian producers have returned to the North American market in force for the first time in a decade. U.S. newsprint imports from Scandinavia are expected to reach 225,000 tonnes this year, ten times higher than in 1982. While U.S. prices expressed in inflation-adjusted Canadian dollars have stagnated for the past six years, returns to Swedish suppliers have jumped by about

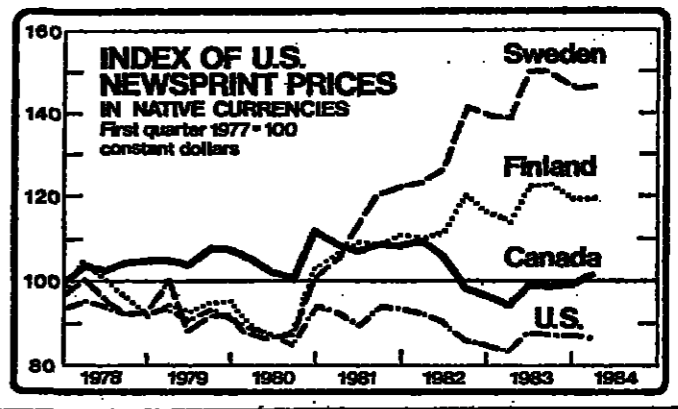
this year. Abitibi bought Whitaker Carpenter Paper, one of the largest paper merchants in the Chicago area.

These changes have begun to show up in sales and earnings patterns. Newsprint revenues fell from 46 per cent of total sales in 1979 to 43.8 per cent last year. On the other hand, groundwood papers' contribution has moved up from 10.3 per cent to 11.8 per cent, and fine papers from 22.6 per cent to 25 per cent.

Mr Gimlin says the drop in earnings from newsprint has been even more pronounced. He expects these trends to accelerate markedly this year and in 1985. The historic figures for groundwood papers, in particular, "are not very indicative of what we expect."

Over the past five years, the company has sold a dozen production facilities and closed three others. The disposals have substantially reduced Abitibi's exposure to the depressed lumber market.

At the same time, the company is expanding, largely through acquisitions, in what Mr Gimlin calls "non-traditional" areas. Its diversified interests already include Canada's leading supplier of school and office stationery, a manufacturer of coated printing papers, and an envelope manufacturer. Earlier



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and now, he cannot bear to turn a corner

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Lloyds Bank Interest Rates

Lloyds Bank Plc has reduced its Base Rate from 10.5% to 10% p.a. with effect from Wednesday 7th November, 1984.

Other rates of interest are reduced as follows:
7-day-notice Deposit Accounts and Savings Bank Accounts—from 7.25% to 6.75% p.a.

The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of Lloyds Bank International Limited The National Bank of New Zealand Limited.

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Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six month Interest Period, November 9th, 1984 to May 9th, 1985 the Notes will carry an interest rate of 10 1/4 % per annum. On May 9th, 1985 interest of US\$254.53 will be due per US\$5,000 Note against coupon No. 6.

Agent Bank

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F.T. 500 SURVEY

The above Survey will be published on the following dates:

Friday November 9

(International Edition only)

Saturday November 10

Queensland Coal Finance Limited

US\$46,000,000

Floating Rate Notes Due May 1985/96

Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from November 9, 1984 to May 9, 1985 the following information is relevant:

1. Next applicable interest rate: 10 1/4 % per annum
2. Interest payable on next interest payment date: US\$505.92 per US\$10,000.00 nominal
3. Next interest payment date: May 9, 1985

November 7, 1984

BA Asia Limited
Reference Agent

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.

on 15th November 1984, U.S. \$104.51

Listed on the Amsterdam Stock Exchange

Information: Piersen, Helderling & Piersen N.V., Herengracht 214, 1016 DS Amsterdam.

VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS

PER 6 NOVEMBER 1984

	Today	INDEX Last week	Year's High	Year's Low
US\$ Eurobonds	11.83	12.17	11.52	11.52
DM (Foreign Bond Issues)	7.28	7.32	7.20	7.14
DM (Government)	7.30	7.28	7.11	7.20
Can\$ Eurobonds	12.72	12.88	13.98	12.60

Bank J. Vontobel & Co Ltd, Zurich - Tel: 010 411 488 7111

TECHNOLOGY

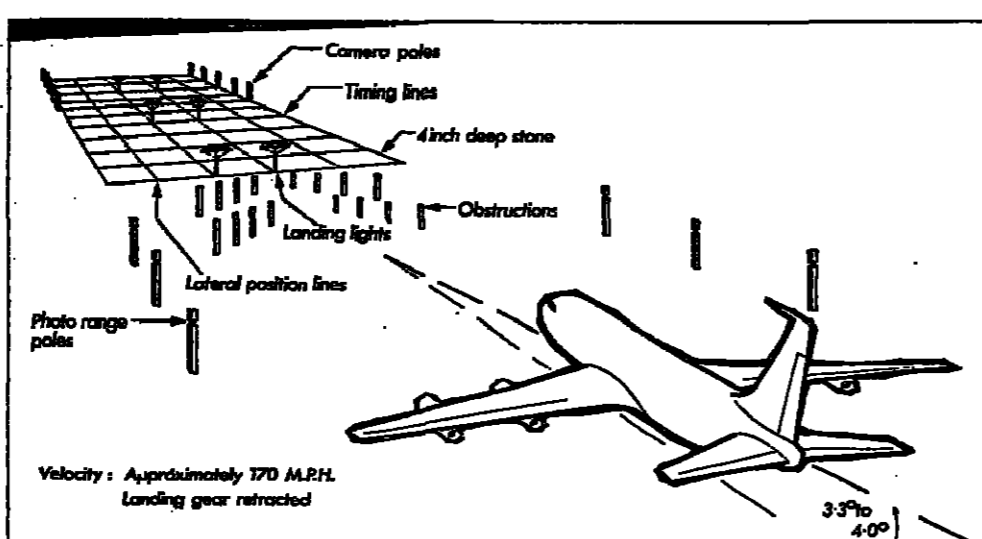
EDITED BY ALAN CANE

U.S. FEDERAL AVIATION ADMINISTRATION WILL CRASH AIRLINER

Fireball fighters ready for test time

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The U.S. Federal Aviation Administration has now fixed November 10 for its long-awaited "controlled crash" of a remotely piloted Boeing 720 airliner in the California desert to test the effectiveness of a new fuel additive that hopefully will reduce the loss of lives through fires in aircraft accidents, as reported on this page June 19.



How to crash an airliner. At a speed of 170 mph the Boeing 720 will crash with its undercarriage up. To simulate the worst possible conditions the wings will be broken by obstructions on the runway to ensure that the fuel tanks rupture

In the past, the fuel in an aircraft's tanks has tended to escape after crashes, forming a fine mist which explodes quickly into a lethal fireball. It is this type of fireball that claims so many lives in aircraft accidents that might otherwise have been survivable.

In an attempt to prevent this fireball forming, a major research programme has been under way for some time. The FAA's Paints Division of Imperial Chemical Industries in the UK, working in conjunction with ICI Americas, the Federal Aviation Administration, and the UK Civil Aviation Authority, the Royal Aircraft Establishment (Farnborough) and the Department of Trade and Industry.

It has resulted in a fuel modified, called "Avgard,"

which can eliminate, or suppress, post-crash fires, by preventing the escaping aviation kerosene from "mistling," and thus reducing the risk of any fireball forming.

Avgard is a mixture of polymer called FM-9 and a "carrier fluid"; when added to jet fuel, it creates an anti-misting kerosene or AMK.

ICI and RAE discovered that suppression of misting by dissolving a high molecular weight polymer in kerosene, does reduce fire hazard. This is provided that the basic fuel has a low volatility — that is, it is kerosene and not petrol.

Earlier tests with aircraft on the ground, involving specially built tracks, have indicated that

Avgard could have a major role to play in cutting fire hazards in future aircraft accidents.

An extensive in-flight test programme has also indicated that it does not interfere with the normal in-flight functioning of an aircraft's engines.

The latest step in the research programme will be what the FAA calls a "Controlled Impact Demonstration," in which the remotely-piloted Boeing 720 four-engine jet airliner, carrying dummy passengers, will be deliberately crashed in the desert at Edwards Air Force Base, California.

The aim is to determine precisely how well the Avgard fuel additive works in a full-scale accident. The crash will also generate structural data on airframe and interior fittings to help in the design of safer aircraft in the future, as well as providing a controlled basis for all post-crash investigative programmes.

The final flight of the Boeing 720 will last about 12 minutes, during which it will climb to about 2,900 feet, before it is brought down by radio control at about 150 knots to crash-land with its undercarriage up.

To provide the severest possible test for fuel flammability,

consistent with the crash being impact-survivable, the fuel tanks in the wings will be broken open by obstructions on the ground, and the fuel exposed to ignition sources before the aircraft strikes three sets of landing lights with the additional electrical ignition sources they provide.

Despite such a severe test, the UK scientists involved in the programme are confident that the aircraft's fuselage will not be damaged by fire. Avgard, they believe, will prevent the escaping fuel from misting, and thus prevent the lethal fireball.

However, ICI says the crash should still be a spectacular event, because, as previous simulated runway crashes have shown, there will probably be flames from the engines as they burn spilled fuel, and also small fireballs behind the aircraft.

But the difference between Avgard anti-misting kerosene and standard jet fuel should be that, in the test these flash fires will quickly go out, instead of propagating and engulfing the aircraft.

The U.S. Federal Aviation Administration has said that, if the coming demonstration is successful, it will issue a

"Notice of Proposed Rule-making," calling on all those in aviation to consider the new development, and suggest how it can be implemented worldwide.

This first step towards making mandatory the use of anti-misting kerosene will provide an opportunity for the

"It has real potential for saving lives but there is still a lot of work to be done."

Mr David Lane, New Products Manager at ICI Paint Division, is confident that Avgard is a major technological achievement.

"It has real potential for saving lives, but as with any major step forward in aviation technology, there is still a lot of work to be done before the full airworthiness of the fuel system can be firmly established, and this will include extensive flight trials."

SOFTWARE ENGINEERING

One step closer to robot coded program

THE "ROBOT software factory" is getting closer daily. Finding ways of improving the production of computer software is one of the most pressing problems faced today by the information technology industry.

The methods the industry is experimenting with (software engineering) vary from the very simple — a screen editing facility to make the production of standard documents easier, for example, to the most sophisticated; Larry Rutnam's SLIM methodology, mentioned on this page on October 8 fits the bill.

The "designer's workbench," developed by the Arthur Andersen group falls somewhere between these two extremes. It is a software package which runs on an IBM Personal Computer and which automates, Arthur Andersen claims, the most time-consuming aspects of systems design and development.

Dr Keith Burgess, head of Arthur Andersen's advanced in-

formation technology group notes: "It allows systems designers to create documents at a PC with a minimum of preliminary paperwork, and to create screen layouts and conversation flows efficiently and flexibly."

What makes the system especially exciting is the electronic links Andersen has built in between the designers' workbench and their programmers' workbench which means that the systems design can be created then fed to the programmers' station for the automatic generation of computer code.

Dr Burgess says that nobody has suggested replacing systems analysis and designers with robots — yet. Andersen has spent \$2m-\$3m so far on the development of the system and has been using it in the field for the last two years.

It will sell it to clients for "peanuts" — about £10,000, Dr Burgess says. In London, Arthur Andersen is on 01-838 1200.

Software

Word processing

MICROPRO INTERNATIONAL says it has made the Wordstar word processing software much easier to use while increasing the facilities offered. The new package is called Wordstar 2000 and a UK version will be available in early 1985.

During development, the company evaluated feedback from the existing 1.25m Wordstar users, from specialist laboratories and from office professionals who stated that they most wanted from word processing.

Clear cut command keys — "C" for copy and "P" for print for example, with user definable function keys for special or frequently used commands — make the system easy to use. Help is provided on screen when it is needed, and screen "windows" permit simultaneous editing of up to three documents, allowing the incorporation of content from other popular spreadsheet programmes.

The suggested retail price of Wordstar 2000 is £440 and it will be available initially for the IBM PCs and for fully compatible hardware running PC DOS 2.0, 2.1, and 3.0. More on 01-879 1122.

SPEED CONTROLS

High tech for power tools

HIGH technology is increasingly creeping into the power tools industry thanks to the contribution of companies such as KTK of Newtown, Powys. This 11-year-old company has been voted "Company of the Year" by the electric drives and control industry. It employs 40 people in the design and manufacture of speed drives for electronic tools.

The Commander Inverter Drive range is particularly successful, and the recently introduced 7.5 kilowatt version is intended for use in the heating and ventilating industry. By expanding its range the company hopes to reduce the cost of their drive package which includes a motor and controller.

A large 110 kw inverter is currently being developed, and it is anticipated that it will be on the market in two years. Most high-powered inverters are expensive, but KTK hopes to cut prices by 30 to 40 per cent. And, as the company places considerable emphasis on research and development, £1m was invested

in new projects last year, 15 per cent of which was spent on research. KTK's sister company, Arrycon's Telford, is also successful. Just over a year ago it entered the export market and, in the subsequent 12 months its export turnover increased five fold. Initially it had customers only in Belgium and the Netherlands. Now it has spread its operations to 12 countries including America, which is buying the Commander Inverter Drive. Anyspeed has sold over 2,000 of these units in the first 9 months of Commander's production run. This success has earned the company the award of "Exporter of the Year." It is currently launching an export drive in Germany and also hopes to negotiate further orders in 1985-86 in the U.S.

KTK and Anyspeed's customers range from small businesses to international companies, and they've increased export sales from £20,000 in 1983 to more than £300,000 so far this year.

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Electricity Buildings,
Foley, Yorkshire YO14 9EJ,
Tel: 0723 54444 Telex: 51463

Office

Laser printing

ELECTRONIC Printing Systems of Fareham, Hampshire, is offering a laser printer at a cost starting at £3,000. Capable of printing eight pages a minute, the LaserJet is aimed at the users of micro-computer.

The printer offers different typefaces with the ability to mix four different fonts on a single page. It can print charts, graphs, grid lines, even digitised logos and signatures. The unit is made by Hewlett Packard while Electronic Printing Systems will sell the system and develop a variety of interfaces to equipment. More details from the company on 0329 221121.

Communications

Security intercom

AN INTERCOM system which uses optic fibres has been introduced by Barkway Electronics. The company says that the intercom is suitable for security and military applications because fibre cables cannot be easily tapped. Called Secure Polydex it is based on the company's existing microprocessor controlled intercom.

Safety

Airport lighting

RESEARCHERS AT THE U.S. Department of Energy's Pacific Northwest Laboratory are evaluating a novel type of airport lighting system. The lights are based on the radioactive tritium which emits a light without any need for an external power source. The researchers hope that the system will be used in times of crisis when conventional power is lost.

TSB BANK

Base Rate

With effect from the close of business on 7th November, 1984 and until further notice TSB Base Rate will be 10% p.a.

Trustee Savings Banks Central Board,
PO Box 33, 25 Milk Street, London EC2V 8LU.

Bank of Scotland Base Rate

Bank of Scotland announces that with effect from 8th November 1984 its Base Rate will be decreased from 10.50% per annum to 10.00% per annum.

BANK OF SCOTLAND
A FRIEND FOR LIFE

Co-op Bank

Co-op Bank announces a change in base rate from 10.50% to 10.00% p.a.

With effect from Thursday 8th November 1984.

Deposit rates will become
7 days' notice 6.75% p.a.
1 month's notice 7.50% p.a.

High Interest Investment Accounts range from 8.50% to 9.75% p.a. depending on amount and term (minimum £500 and 6 months).

Co-op Bank Cheque & Save The bonus notional interest rate on Cheque & Save is 10.00% (on amounts beyond £1,000)

Company Notices

LAFARGE COPPEE SA

Invitation for the Deposit of Shares

Article 94/II of the French finance law of 1982 and the applicable decree no. 82-59 contain clauses which broadly modify French law on securities.

In effect, from the 3rd November 1984, French securities must be deposited with a financial intermediary of the bearer's choice to be registered in account.

However, in order to respect foreign procedure, SICOVAM, Société Interprofessionnelle pour la Compensation des Valeurs Mobilières, has been authorised to issue corresponding certificates. These certificates modify neither the extent nor the material nature of any rights.

Shareholders whose shares are accounted for with a credit establishment will be informed separately by the latter. They are not required to issue any other instructions. Their shares will remain accounted for without special instruction.

Shareholders who keep in their own possession Lafarge Coppee shares, coupons no. 43 and following attached, are invited to deposit them forthwith with their usual banker, so that they can be registered in account.

Those who do not accept to deposit their shares for registration with their bankers may receive in exchange corresponding certificates issued by SICOVAM, coupons no. 43 and following attached.

The establishment empowered to make this exchange in London is:

Kleinwort, Benson Limited
20, Fenchurch Street,
London EC3P 3DB

Rights due on undeposited shares will be sold on the 3rd May 1985 and the proceeds resulting from the sale will be kept for 30 days by those who have due rights.

for LAFARGE COPPEE SA
Kleinwort, Benson Limited
November 1984

NATIONAL Girobank

National Girobank announces that with effect from 7th November, 1984

Base Rate
Its base rate was reduced from 10½% to 10%

Deposit Accounts
The rate of interest payable on deposit accounts is 7% per annum.

10 Milk Street LONDON EC2V 8JH

Bank of Ireland

announces that with effect from close of business on the 8th November, 1984

its Base Rate for Lending is reduced from 10.5% to 10% per annum

Bank of Ireland

Standard Chartered Bank

announces that on and after 7th November 1984 its Base Rate for lending is being decreased from 10½% to 10% p.a.

The interest rate payable on deposit accounts subject to seven days' notice of withdrawal will be decreased from 7½% to 6¾% p.a.

The interest rate payable on High Interest deposit accounts subject to twenty-one days' notice of withdrawal will be decreased from 8½% to 7¾% p.a.

Standard Chartered

BRITANNIA GROUP OF UNIT TRUSTS LIMITED

SCHEME OF AMALGAMATION: BRITANNIA COMMERCIAL AND INDUSTRIAL TRUST (INCORPORATED IN THE NETHERLANDS) WITH THE NETHERLAND TRUST WITH BRITANNIA DOMESTIC INVESTMENTS (INCORPORATED IN THE NETHERLANDS)

As a result of the meeting of Extraordinary Shareholders of the Unit Holders of all the above Trusts at separate meetings, the Scheme became effective on 2nd November 1984. As a result of the Scheme:

(1) The unit price of Domestic was subdivided by 2 on 1st November 1984 by the issue of 2 additional units for each unit held on that date.

(2) Domestic changed its name to Britannia UK Growth Trust on 2nd November 1984.

(3) The date of amalgamation in terms of the subdivided unit of Domestic (UK Growth Trust) is as follows:

1 'Commercial and Industrial' Unit	= 3.60268 UK Growth Units
1 'Domestic' Unit	= 2.11515 UK Growth Units
1 'Netherlands' Unit	= 4.05446 UK Growth Units

Replacement certificates for all Unit Holders will be despatched to reach them by 1st January, 1985.

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UK COMPANY NEWS

B. Wardle takes on a new shape and heads for market

BY ALISON HOGAN

Bernard Wardle, a specialist manufacturer of plastic sheet, is returning to the market with a new name, a dynamic new shape and a £20.5m market capitalisation.

Hill Samuel is offering 7m shares in Wardle Stores at 132p to raise £9.25m.

Managing director Mr Brian Taylor has been the driving force behind the reform of Gerard Wardle, the troubled vinyl textile company, since organising a £5m management buy-out from Graham Ferguson Lacey's NCC in 1982.

In February 1983, the company bought Stores Industrial Products from Turner & Newall, one of its main competitors. It integrated the business and got the working capital ratio of 20 per cent up to 36 per cent and changed the name of the combined group to Wardle Stores.

"The consistent factor has been management style, working for profits and cash and, now we are going public, for earnings per share," said Mr Taylor.

The management style included a drastic cutting back of overheads and the numbers of employees and the withdrawal from peripheral activities.

The company's basic business is calendaring (converting PVC to plastic sheet) which accounts for around 50 per cent of sales.

The remaining business is the manufacture of higher value added products for the automotive and general industrial sectors.

Its products include soft plastics for prams and pushchairs for customers including Mothercare, awnings for stores including Harrod's, sun visors for cars and a sound deadening product called Dedpan, which is used to make Rolls-Royce doors go clunk instead of crash.

The company sees considerable export potential in Europe, particularly Germany and in the U.S. Direct exports currently account for 14 per cent of total group sales.

Turnover rose in the year to August from £30.1m to £38.78m while pre-tax profits rose from £374,000 to £1.5m. These figures include Stores for a full year and reflect further improvements in productivity and the

elimination of low margin business," according to the directors.

The £3.8m profit represents a 33 per cent return on the £9.4m of net assets employed.

The company will receive £1.55m net out of the £9.2m being raised. This will help its future expansion. It already has £2.7m cash and is in a strong position to be able to take advantage of potential acquisitions which might arise.

Mr Taylor has indicated that although the group has no specific purchase in mind, he is keen to acquire businesses with good products and customers, but with weak financial controls and which are "looking for a dose of good management."

The new shares at 132p each will sell on a 21 per cent actual tax pe of 9.8 times and a yield of 5.4 per cent.

Brokers to the issue are James Capel. Applications for shares open on Tuesday November 13 and dealings are expected to begin on Tuesday November 20.

comment
Brian Taylor appears to have licked Wardle Stores into efficient shape for its return to the market with the assistance of a management team which his key institutional backers have enough faith in to have waived a key part of its policy on him for the flotation.

Both Taylor and the institutions will be making several millions of pounds out of the sale with only a modest £1.5m going to the cash strong business.

The record of improved performance ratios is impressive enough to believe that the management can improve even further on its 33 per cent return on assets employed. It has successfully developed plastic technologies and their applications to add value to its range of products.

Export potential for products including Dedpan look attractive. But what really adds spice to the company and makes it worth recruiting and the company has the obvious impatience for Taylor to add on further businesses, turn them round and try make Wardle Stores into a mini Hanson Trust.

Deutsche Bank strengthens London foothold through link-up with Morgan Grenfell Securing a bigger slice of the action

BY JONATHAN CARR AND DAVID LASCELLES IN FRANKFURT



Mr Christopher Reeves (left), chief executive of Morgan Grenfell, and Dr F. Wilhelm Christians of Deutsche Bank. Both sides will get a lot out of this.

Deutsche Bank is convinced that London will continue to develop as one of the world's three great financial centres through the 1980s and beyond.

As West Germany's biggest and most profitable commercial bank, the Deutsche must assure itself of a firm place where the action is.

That, in a nutshell, is the reason for the Deutsche's strategy of building on its existing bridgehead (a branch office) in the City of London with two new banking operations.

New York, it is felt, will become still more competitive as a financial centre, thanks partly to the U.S. decision to remove withholding tax. Tokyo too will

develop (along with the growing international role of the Yen) clearly surpassing in importance European centres like Frankfurt and Zurich.

But London, in Deutsche's view, will be one of the top trio thanks to its concentration of expertise, contacts and what is called the "exceptionally skilful" policy of the Bank of England.

Deutsche came relatively late to London (in 1976) but it is now making up for lost time. Through one decision, announced last week, the bank is in the City early next year a wholly-owned subsidiary, Deutsche Bank Capital Markets.

Through another, announced yesterday, it is taking a 4.99 per cent stake in Morgan Grenfell, the merchant bank. It is stressed that the two moves should be seen together.

The subsidiary, capitalised at £40m, will concentrate on international investment banking, especially the U.S. dollar sector of the Eurobond market. The Deutsche Mark sector of the market will continue to be dealt with by the Frankfurt headquarters.

On the face of it this decision may seem odd. Last year Deutsche Bank took part in a management capacity in 375 Eurobond issues (compared with 269 in 1982)—75 of them (worth £2.2bn) denominated in Deutsche Marks. This year it has remained among the leaders of new issues overall, but has been relatively less active in the dollar-denominated sector (much the biggest part of the market).

The shift in balance seemed to show an increased wariness at the Deutsche of the Eurobond market—but in that case why set up a subsidiary in London to force the pace in exactly this field? The answer is that the Deutsche is determined to stay choosy on its dollar bond business, but it wants the best possible vantage point from which to pick the games. London, not Frankfurt, offers that.

The London subsidiary will have a staff of up to 100 and is felt virtually certain to be headed by the Deutsche's new issue and syndication director in Frankfurt, Herr Karl Miesel.

The stake in Morgan Grenfell, which is costing the Deutsche about £14m, complements the

establishment of the subsidiary in two ways. For one thing the Deutsche is looking for a different kind of business, including company and export finance and securities dealing.

In particular, the Deutsche hopes the Morgan Grenfell connection will allow it to become the first German bank to establish a foothold in the British Government bond market.

But beyond that, senior Deutsche Bank officials freely admit that they expect to learn a lot from being on the inside of one kind of another, as its successive quarterly results show the company getting deeper into trouble, particularly with its U.S. business.

However, leading City analysts are completely discounting this latest rumour. Mr Peter Rice of stockbrokers Wood, Mackenzie is

telling clients that it is highly unlikely that there will be a rights issue from CU in the short term.

Analysis argues that despite its problems CU does not need immediate cash—a point CU management emphasises in discussing the six month results. And CU would be very unlikely to get investors to put up more money until there was firm evidence of a recovery.

Nevertheless, nine months' results announcement is not expected to indicate that such a recovery, so often proclaimed by CU's management, has yet

started. Indeed, analysts have been downgrading their already gloomy forecasts for the nine months' results. They expect CU to follow pre-tax losses of the first and second three-month periods with another loss in the third quarter, bringing total losses for the nine months to between £25m and £30m pre-tax.

The other expectation from analysts is that CU will be forced to cut its final dividend. The company has stuck to maintaining its dividend as results became steadily worse, if only to keep up the share price in the face

of any bid predators. But CU introduced a note of caution about the final dividend when it announced an unchanged interim payment.

A dividend cut would effectively stop any rights issue. The company could be seeking a disjunct of softening the blow by disguising it within a rights issue. The rights subscription had an impact on the share prices of the other major companies. General Accident fell 13p to 475p, Guardian Royal Exchange lost 10p to 630p, Royal Insurance finished 8p down at 485p, while Sun Alliance shed 12p to 386p.

Even so, the £14m looks small beside Morgan's expenses. The cost of acquiring Pinchin Denny, the jobbing firm, and Pember & Boyle, the gilt broker, totals £31m, and that is only for good-will.

The securities operation Morgan plans will also have to be capitalised, though at what amount has not yet been decided. One-third of the consideration will be paid in Morgan stock or cash, and the rest in securities which can be converted into Morgan stock after five years as an inducement to Pinchin and Pember partners to stay on.

This may explain why the Deutsche deal does not appear to have altered Morgan's plans to consider a public quotation for its stock next year as a step towards raising further capital.

The group's total capital resources at the moment stand at £210m, to which should be added Deutsche's £14m and another £13m still due from the rights issue, making a grand total of over £242m. Total assets are currently running between £3.5bn to £3.75bn.

Morgan intends to become one of the primary dealers in the new scheduled market being organised by the Bank of England. Although Deutsche Bank is interested in developing its international securities business, it is not expected that it will become involved in this venture.

Deutsche Bank

development (along with the growing international role of the Yen) clearly surpassing in importance European centres like Frankfurt and Zurich.

But London, in Deutsche's view, will be one of the top trio thanks to its concentration of expertise, contacts and what is called the "exceptionally skilful" policy of the Bank of England.

Deutsche came relatively late to London (in 1976) but it is now making up for lost time. Through one decision, announced last week, the bank is in the City early next year a wholly-owned subsidiary, Deutsche Bank Capital Markets.

Through another, announced yesterday, it is taking a 4.99 per cent stake in Morgan Grenfell, the merchant bank. It is stressed that the two moves should be seen together.

The subsidiary, capitalised at £40m, will concentrate on international investment banking, especially the U.S. dollar sector of the Eurobond market. The Deutsche Mark sector of the market will continue to be dealt with by the Frankfurt headquarters.

On the face of it this decision may seem odd. Last year Deutsche Bank took part in a management capacity in 375 Eurobond issues (compared with 269 in 1982)—75 of them (worth £2.2bn) denominated in Deutsche Marks. This year it has remained among the leaders of new issues overall, but has been relatively less active in the dollar-denominated sector (much the biggest part of the market).

The shift in balance seemed to show an increased wariness at the Deutsche of the Eurobond market—but in that case why set up a subsidiary in London to force the pace in exactly this field? The answer is that the Deutsche is determined to stay choosy on its dollar bond business, but it wants the best possible vantage point from which to pick the games. London, not Frankfurt, offers that.

The London subsidiary will have a staff of up to 100 and is felt virtually certain to be headed by the Deutsche's new issue and syndication director in Frankfurt, Herr Karl Miesel.

The stake in Morgan Grenfell, which is costing the Deutsche about £14m, complements the

Rights issue rumour knocks CU's shares

BY JONATHAN CARR AND DAVID LASCELLES IN FRANKFURT

telling clients that it is highly unlikely that there will be a rights issue from CU in the short term.

Analysis argues that despite its problems CU does not need immediate cash—a point CU management emphasises in discussing the six month results. And CU would be very unlikely to get investors to put up more money until there was firm evidence of a recovery.

Nevertheless, nine months' results announcement is not expected to indicate that such a recovery, so often proclaimed by CU's management, has yet

Static sales and high costs hit Peters Stores

BY JONATHAN CARR AND DAVID LASCELLES IN FRANKFURT

Static sales and rising costs in retailing pulled Peters Stores, into the red over the 53 weeks to end-June 1984.

After suffering a fall in profits from £147,000 to £84,000 at half-way, the group incurred losses in the second six months and finished last year with a £138,000 taxable deficit against a positive balance of £248,000.

The company is based in North Shields, Tyne & Wear. It is mainly engaged in retailing, fashion and leisure wear, camping equipment and protective clothing and has interests in property.

Action has been taken to reposition the group in the market, state the directors. A new management team has been recruited and the company has started to upgrade and convert and modernise its stores to a new brighter image.

The directors say that early results of the action have been "exciting" with sales running 27 per cent ahead of last year, and they are hopeful of a good outcome in the current year.

Over the year under review Peters had turnover of £9.21m, against £10.31m, and made a trading profit of £501,000 compared with £549,000. However interest payable increased from £258,000 to £243,000 and there was a lower incidence of property sales profits amounting to £8,000, against £182,000.

Shareholders are set to receive an unchanged final dividend of 1p net, holding the total payout at 2p.

Tax for the year took £35,000 (£24,000), leaving an attributable deficit of £171,000 (£181,000) after an extraordinary debit of £61,000.

On the property side the directors say that the company's industrial development in Gateshead north of England has been completed and handover to Gateshead Council is scheduled this month. The petrol station on the same site is also completed and open for business.

Michael Peters expansion via purchase of Cockade

BY WILLIAM DAWKINS

Michael Peters, the design consultancy which joined the USM group in a year ago, is to buy Cockade, a designer and constructor of exhibitions and displays.

The initial price is £1.3m, with further payments dependent on Cockade's profits in the two years to June 1985. Michael Peters is financing £1.01m of the purchase price from a vendor placing of £31,579 shares of 25p each. The shares will increase the group's equity by around 10 per cent.

They are being distributed by stockbrokers Henderson Croxall.

The balance will be made up by a £40,000 cash payment and £250,000 to be satisfied by the issue of 10-year unsecured loan notes guaranteed by Midland Bank and bearing a 10 per cent interest rate.

Cockade's taxable profits rise above £130,000 in either of the two years to June 1986, Michael Peters will pay a further amount equivalent to 50 per cent of the excess above that limit.

Cockade made £294,000 before tax in sales of £1.78m in calendar 1983. Profits reached £95,000 in the first half of this year. Its net assets are worth £779,000, equal to 60 per cent of the initial purchase price.

The exhibition company's profits slipped in 1983 and 1982 because some of its clients in traditional manufacturing industries cut back their promotion spending during the recession. Since then, Cockade has picked up more clients in newer growth industries. New customers include Avco, Computervision, General Electric (USA), Maxwell, Sinclair, Toshiba and Unix.

Mr Michael Peters, the chairman, said: "Cockade matches our group's innovative design philosophy and combines with it an ability to deliver a three-dimensional result to the highest standards and quality and the tightest of timetables."

ANGLOVAAL GROUP

DECLARATION OF PREFERENCE DIVIDENDS

DIVIDENDS HAVE BEEN DECLARED payable to holders of preference shares registered in the books of the under-mentioned companies at the close of business on 30 November 1984. The dividends are declared in the currency of the Republic of South Africa. Payment in London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 10 December 1984, or such date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or the office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 28 December 1984. The transfer books and registers of members of the companies will be closed from 1 to 7 December 1984, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	Class of Share	Dividend Declared	No. of Shares	Per Share
Anglovaal Limited	6% Cumulative Redeemable Preference	93	6	
Anglovaal Limited	5% Cumulative Redeemable Preference	74	5	
Middle Witwatersrand (Pretoria) Limited	8% Redeemable Cumulative Preference	25	4	

By order of the boards
Anglovaal Limited
Anglovaal Limited
Registered Office:
Anglovaal House
56 Main Street
Johannesburg 2001

London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST
8 November 1984

Half-year looks better for Kraft as losses fall

The directors of Kraft Productions, the troubled Somerset-based manufacturer, have taken the unusual step of reporting both year-end and interim figures at the same time.

In 1983, the group fell further into the red with pre-tax losses of £300,701 compared with £169,557 in the previous year. Turnover fell from £758,894 to £608,117. The loss was after interest payable up from £18,750 to £24,995.

Some improvement has been seen in the figures to June 30, with losses being reduced from £113,701 to £72,000 on revenue up from £305,117 to £282,000. Again no interim is being paid. The company's shares were suspended on December 15 last.

Mr D. O. Burne, the acting chairman, says it became very clear from the company's trading and financial position that, despite the injection of new permanent capital by way of a subscription for new ordinary shares in September 1983, further urgent action had to be taken to prevent further losses and to begin an almost total restructuring of the company.

The directors say that during the early months of 1984, significant progress was made. Many product lines were discontinued and those remaining were completely redesigned.

Since then, there are encouraging signs, they say, that strength and profitability is growing quickly along with customer confidence. The order book is at its highest point.

The FT 500

This week the FT publishes its annual survey of Europe's top 500 companies. It will appear on Saturday in the London edition and on Friday in the international edition.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

Over-the-Counter Market

1983-84	Company	Price	Change	Div. (p)	Yield	Fully Paid
High	100 Ass. Brit. Ind. Ord.	142	-	10.0	7.0	10.7
158	117 Ass. Brit. Ind. Ord.	142	-	10.0	7.0	10.7
42	21 Amstrad & Rhodes	42	-	2.3	6.3	6.8
132	57 Barclay Hill	117	-	3.4	2.9	11.8
152	117 CCL 11p Conv. Pref.	117	-	11.7	10.8	19.6
201	173 CCL Ordinary	174	-	12.0	6.9	10.7
249	92 Cindico Group	92	-	5.7	6.2	10.9
152	117 CCL 11p Conv. Pref.	117	-	11.7	10.8	19.6
201	173 CCL Ordinary	174	-	12.0	6.9	10.7
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UK COMPANY NEWS

APPOINTMENTS

Cater Allen prospects favourable

Cater Allen Holdings, bill broker and banker, says that it earned substantially higher profits in the first six months of the year to end-October 1984.

Although interest rates were volatile and market conditions difficult, Cater says that the swing in base rates of five percentage points from a year ago provided ample opportunities for active trading.

Cater is holding the interim dividend at 8p per share on the capital enlarged by its one-for-three rights issue in April.

Prospects for the second half, says Cater, look favourable although markets are likely to remain unsettled.

The company points out that its new wholly-owned subsidiary, Cater Allen Bank (Jersey), has opened for business.

Micro Focus joint venture in Japan

Micro Focus, engaged in computer software, is further expanding its Japanese operations by establishing a joint venture with its Tokyo-based sales and distribution agent, Microsoftware Associates.

The company plans to introduce new products into the Japanese market and believes that sales there could continue to expand at a rate of 100-200 per cent a year as a result of the investment in the new joint company.

Among the major Japanese purchasers of Micro's Cobol language software, principally used in personal business computers, are NEC, Fujitsu, Hitachi, Toshiba, Canon, Ricoh and Sord.

The jointly-owned company, Micro Focus Japan, is capitalised at ¥30m (£150,000) and is 75 per cent owned by Micro Focus and 25 per cent by Microsoftware.

Micro Focus, which was first traded on the Unlisted Securities Market last year, is conducting a full listing this summer.

Micro Focus has done well in its brief exposure in the Japanese market. Its market capitalisation stands at advanced ¥100m.

The group's sales in Japan advanced threefold in 1983 and accounted for 27 per cent of total group turnover of £9.07m.

The biggest market remains the U.S. with 33 per cent of total turnover; the British share amounts to 13 per cent.

TR North America

Net asset value per 25p share of TR North America Investment Trust amounted to 210.5p at September 30 1984.

This compares with 184.2p a year earlier and with 173.2p at March 31 1984.

Gross income for the operating six months to end-September 1984 totalled £1.78m (£1.59m) and net revenue came through at £273,000, against £264,900, after £68,000, compared with £477,000.

Earnings per share were 1.76p (1.73p) and the net interim dividend is the same at 1p.

Tadpole Technology

Tadpole Technology, Cambridge-based UNIX computer systems company, has launched on the OTC market early this year.

The company will raise £325,000 by a rights issue underwritten by Munro Corporate. It will issue 130,000 new ordinary 10p shares at £2.50.

Hartwells combats smaller market

DESPITE INTENSE competition and a smaller car market, the Hartwells Group saw its profits before tax advance from £2.22m to £2.58m in the six months to August 31 1984.

The directors say the year is progressing on a profitable basis and add that the full results for 1983-84, an improvement over 1982-83's £4.22m provided market conditions remain stable.

The group holds the key franchises of Austin/Rover, Jaguar and Land Rover, Ford and Vauxhall, all of which, the directors say, are in good trading areas of the country.

Half year earnings per 25p share improved to 7p (6.5p) and the net interim dividend is being effectively increased from 1.06p to 1.2p net per share.

The group is hopeful that subject to no unforeseen downturn in the second six months it will be possible to pay an increased dividend for the year as a whole.

External sales for the first half expanded to £109.88m (£107.82m) and trading profits pushed ahead from £2.52m to £2.75m.

Pre-tax profits were struck after taking account of interest and stock finance charges of £228,000 (£276,000). Tax rose to £530,000 (£479,000).

The interim report reveals that commercial vehicle and agricultural profits improved over the same period last year and that a new trading relationship with BP Oil is beginning to show benefits with more ability to deal directly with the customer giving more flexible trading.

Diversification into property development has continued with the acquisition of an office block in Oxford with planning permission to build a further block on the same site.

Leases have been estimated which will add additional profits to the group.

Hartwells has taken a 70 per cent share in a consortium which has acquired a marina site in Abingdon.

The directors say the development is being done in conjunction with local architects and builders who will hold the other 30 per cent interest.

Further expansion of the group's motor franchises is being considered, taking into account the type of trading to be catered for in the years ahead.

Jessups tops £1m and doubles dividend

THE OPTIMISM expressed by Jessups at midyear that the year to end-August 1984 would be a record one for the group has been borne out.

All trading activities performed well and enabled the motor vehicle dealer and leasing specialist to push its profits before tax for the year up to £1.13m, an improvement of some 26 per cent over the £901,000 returned for 1983-84.

The results were achieved despite a lower level of car sales in August than had been expected.

Mr Alan Jessup, the chairman, says in his preliminary report that prospects for the current year are good.

He tells shareholders that Vauxhall/Opel sales will increase as the market share rises to the manufacturer's forecast of 20 per cent by 1986 and adds that the Ford dealerships continue to improve and leasing and contract hire are on course for growth in fleet size and profit.

Earnings for the past year climbed from an adjusted 8.58p to 12.89p per 25p share from which a final dividend of 2p is being paid. Allowing for last January's one-for-one scrip this effectively doubles the total to 3p net per share.

Group turnover advanced from £45.14m to £49.55m and generated gross profits of £3.58m, compared with £2.14m.

The pre-tax results were struck after deducting interest charges of £1.06m (£782,000) and other net operating expenses of £1.36m (£1.45m).

Vehicle leasing interest accounted for £716,000 (£432,000) of the total—the balance was general funding interest.

Group attributable profits emerged £1.05m ahead at £1.7m after adding in the extraordinary item.

A professional revaluation of freehold property produced a surplus of £852,000 which was incorporated in the accounts at year-end.

The report and accounts, to be published on December 6, will show that group net assets have increased from 47p to 68p per share.

Allowing for current cost adjustments pre-tax profits totalled £1m (£829,000) and on the same basis earnings per share amounted to 11.3p (7.75p).

Mr William Thomson, who has held a senior management appointment within the group for a number of years, has been appointed a director. He will continue with his prime responsibility for vehicle sales.

The annual meeting will be held on January 4 at 128 Queen Victoria Street, London EC.

Group pre-tax profits for the 1983-84 year plunged from £509,514 to £125,791. During the second half there was an unexpected setback at one of Shiloh's two spinning units.

Mr Edmund Garside, the chairman, told shareholders in his annual statement that the setback was caused by problems with raw material supplies and the early phase of completing the new phase of the re-equipment programme at the mill.

The subsidiary supplying medical disposals also suffered a sharp reduction in demand from hospitals and this was given as the reason for the group being unable to maintain the previous year's profits performance.

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Shiloh on an improving trend

ALTHOUGH THE miners' strike net per 25p share—a final of 0.75p was paid previously.

During the six months Shiloh Spinners, the spinning subsidiary, showed significant growth in turnover. However, the benefits of the increase were largely offset by reduced margins and increasing costs, mostly as a result of higher material costs caused by the weak pound in relation to the dollar.

W. M. Supplies (UK), the medical and industrial disposables offshoot, showed satisfactory growth and the new subsidiary, Shiloh Software, a specialist in computer software for the garment industry, made a contribution to the overall results.

First half turnover expanded from £5.08m to £5.62m. Pre-tax figures were after depreciation of £50,591 (£52,691) and bank interest of £48,831 (£28,782).

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T. Warrington margins lower

Despite difficult trading conditions, with continued pressure on margins, taxable profits rose from £60,000 to £85,000 at Thomas Warrington & Sons for the first six months of 1984.

Turnover for the South Wirral-based general builder and public works contractor, increased from £5.5m to £6.7m.

The interim dividend is being held at 1.75p. Last year the company made pre-tax profits of £419,000 and paid a total dividend of 6.16p.

First half net earnings per 25p share were shown at 1.55p against 0.96p, after tax of £30,000 (£31,000).

Mr R. Warrington, group chairman, says that although trading conditions seem likely to remain difficult, the company has nevertheless secured further contracts.

Aberfoyle returns to profit

Aberfoyle Holdings, investment holding company interested in tea estates and textiles, returned a taxable profit of £335,000, against a loss of £507,000, for the 12 months to end-July 1984 on turnover of £4.96m compared with £1.07m.

The result included income arising from the leasing of the tea estate previously operated by Aberfoyle Private and non-recurring items amounting to £331,000, principally attributable to the sale of the plantation's plant and machinery. Also, the results of Flamehope from the date of its acquisition (February 7, 1984) to the end of the 12-month period.

There is no dividend. Aberfoyle has changed its year end to December 31 and the directors say that the question of dividend payments should be considered when results for the current six-month period are known.

Profits for the year under review were struck after interest payable of £345,000, against £208,000, which were mainly incurred in Zimbabwe and reflect the high cost of borrowing on the residual Aberfoyle Private term loan.

Tax, all overseas, took £41,000 this time and there were minority debits of £17,000 (nil). Attributable profits came out at £268,000 (loss £507,000) after net extraordinary debits of £9,000 (nil), made up as to £138,000 which mainly stemmed from costs associated with Aberfoyle's re-structuring, less £129,000 charged to share premium account.

Holders of Aberfoyle's 12 per cent unsecured loan stock 1984 (£0.6m in total) have agreed to accept a new 8 per cent convertible unsecured loan stock on a one-for-one basis. It is proposed that a further £0.4m will be placed in the market, and that a listing be sought for the new convertible on the Stock Exchange.

Colonel Alexander Rubens has been appointed a non-executive director of GRAISONS, the City caterer who has just won the prestigious Mansion House contract. Colonel Rubens is well-known in the City having recently completed ten years as Clerk to the Worshipful Company of Stationers and Newspaper Makers of which he is also a Liveryman.

Mr Frank Bessant has been appointed company secretary to the WERNICK GROUP. He succeeds Mr Mark Niemen, who has retired.

Due to the retirement in the near future of financial director, Mr A. J. Wasdell, TIME AND DATA SYSTEMS INTERNATIONAL has appointed a new chief accountant (financial director-designate) Mr M. J. L. Chandler.

Mr David Morris has been appointed an assistant general manager and actuary of COLONIAL MUTUAL LIFE ASSURANCE.

Mr Alan G. Martin, a director of YORKSHIRE CHEMICALS for four years, has been appointed non-executive chairman. He is chairman or director of a number of public companies and a former executive director of the Industrial and Commercial Finance Corporation. Mr Phillip A. Lowe has been appointed managing director. He joined the board in 1981 as commercial director having spent much of his career with the firm's parent, the Group. Dr J. V. Butcher has resigned as chairman and managing director for personal reasons.

AT NOTTINGHAM BUILDING SOCIETY Mr Gordon R. Goodfield, who has retired as chairman but will continue as a director. The new chairman, Mr Dennis W. Jacobson, is senior partner in a firm of solicitors in Nottingham. He has been a member of the board of Nottingham Building Society for 19 years.

Mr D. P. Donoghue has been appointed a director of ROPNER INSURANCE SERVICES.

INTERNATIONAL CONTAINER LEASING has appointed Mr Martin Pople as vice president North America for the company's tank container division. He was manager of North America for Sea Containers' tank division.

AT NATIONAL PROVIDENT INSTITUTION from December 31 Mr J. A. Metcalfe, who has been a director since 1959, retires. Mr M. T. Maurice retires as a deputy general manager but remains a director. Mr C. A. Gates, at present deputy actuary, is appointed a deputy general manager. He remains a director.

Mr S. W. Walters, general manager (marketing), and Mr N. Petersen, actuary and general manager (administration) have been appointed to the board of REFUGEE ASSURANCE from January 1. They will retain their present appointments.

COLE GROUP has appointed Dr I. G. Wood as managing director of Cole Polymers.

Readymix rights undersubscribed

A £2m rights issue by the Readymix Group, loss-making Irish associate of the UK building materials company RMC, has been undersubscribed.

Just 9.29m of the 12.75m new shares were taken up, leaving 3.46m in the hands of the underwriters. Readymix Holdings, a wholly-owned subsidiary of RMC, the outcome increases RMC's effective stakes in Readymix Group from 68 to almost 77 per cent.

The two-for-one rights issue, priced at 16p against a market price of 17p, was announced the day when Readymix revealed unchanged interim pre-tax profits of £476,000 for the six months to the end of June, and forecast that full-year 1984 results would bring losses for the third year running.

The company's managing director, Mr John McCreary, said that steps taken to cut capacity had not been enough to eliminate losses in the face of the "worst depression" the Irish building industry had ever seen.

A spokesman for Allied Irish Investment Bank, Readymix's financial adviser, blamed the outcome of the rights issue on the state of the Irish construction industry. But he denied that the issue price had been over-optimistic.

BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.



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PETERS STORES PLC

Group Results for the 53 weeks ended 30th June, 1984 (1983 - 52 weeks)

Table showing financial results for Peters Stores PLC, including Group Turnover, Trading Profit, Property Sales, Interest payable, etc.

RETAILING

The second half of the year proved to be a disappointment, with static sales and rising costs pulling the Group down, once again, into loss.

Our Industrial Development in Gateshead has been completed and handed over to Gateshead Council is scheduled for November. The petrol station on the same site is also completed and open for business.

Our Industrial Development in Gateshead has been completed and handed over to Gateshead Council is scheduled for November. The petrol station on the same site is also completed and open for business.

The Directors propose a final dividend of 1.0p per share (1983: 1.0p) which with the interim dividend already paid of 1.0p (1983: 1.0p) makes the total for the year of 2.0p (1983: 2.0p).

Copies of the Report and Accounts are available from the Secretary, Peters Stores PLC, Julius House, Northam Road, North Shields, Tyne and Wear NE29 7UX.

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WMC

EXTRACTS FROM CHAIRMAN'S ADDRESS TO SHAREHOLDERS AT THE ANNUAL GENERAL MEETING



Sir Arvi Parbo, Chairman.
At the Annual General Meeting of Western Mining Corporation Holdings Limited held on 2nd November, 1984 the Chairman, Sir Arvi Parbo, said that difficult conditions in world mineral markets continued for the third year in succession. The nickel market improved, the average price received increasing by 10% and this, together with increased gold production and sales, resulted in improved profit compared with the previous year. Return on investment remained very satisfactory. Sir Arvi also said: Nickel: Nickel production remained the Company's main interest, WMC now being the third largest nickel producer in the Western World. Our nickel operations are equal to the world's best, but the poor price of nickel prevented this from being reflected in the financial results. Demand for nickel in calendar year 1984 is expected to be the second or third highest on record. Provided the world economic recovery continues, the outlook for the efficient and cost competitive producers must be considered positive. Gold: Group gold production

increased by 19% compared with the previous year. WMC's share increasing by 38%. Virtually all the gold operations remained profitable. The ability to expand the gold interests has been a great strength in weathering the current down turn in other parts of the mineral industry. Expansion of gold interests in the last three years had resulted in a 190% increase in Group production, and a 400% increase in the WMC's share of this production. Further increases in the Company's share in 1984/85 were expected both in Australia and Fiji. Aluminium: WMC's interests in aluminium through its 30.5% shareholding in Alcoa of Australia Limited, also remained affected by depressed conditions, profit for the first 9 months of 1984 being \$27.8 million (1983 \$35.4 million). Alcoa's third alumina refinery at Wagerup started up bringing the company's alumina production capacity to 4.5 million tonnes per year - the largest producer in the world. The Point Henry aluminium smelter operated at full capacity. Agreement had been reached on resumption of work on the second smelter at Portland. Alcoa would hold at least 45% interest in this project, the Victorian Government at least 25% interest, the remaining 30% being held by third parties. New Projects and Exploration: Work to complete the feasibility study of the 51% owned Olympic Dam project in South Australia should be completed early in 1985. As the uranium market will be

limited until the 1990's, it is likely that full-scale production will have to be reached in stages. Excellent co-operation from the South Australian Government and Authorities was acknowledged. No advice had been received from the Federal Government regarding the Yallirrie Uranium project in Western Australia since permission to pursue marketing discussions was withdrawn in March 1983. It is intended to resume work on it as soon as Government policy permits. The Company holds varying interests in 220,000 square kilometres of petroleum exploration licences in Australia. To the end of 1983/84 WMC had participated in the drilling of 50 wells, of which 5 had encountered gas and 9 oil, or gas and oil. WMC expected to participate in a further 40 wells in the current year. Production plans are under consideration in a number of areas. Early production of oil and gas has a high priority partly because of the resulting diversification of the Company's metal interests. Further potential for diversification exists in expansion of the gold interests and the Kingston Lignite and Queensland Precipitate Projects. Australia's Competitiveness: Prices of many minerals are at unsustainably low levels and some correction will have to take place, but it is not realistic to assume that the good old times will return. Costs in Australia are still increasing at a higher rate than those of our main trading partners. New ways of doing things, involving greater efficiency and higher

productivity, must be found. It is important to restructure industry, but it is also vital to have relevant and efficient Government structures, trade unions, industrial practices, wage fixation procedures, education systems, and the many other facets which, taken together, determine Australia's competitiveness. The Prime Minister's recent initiative to commence a review of existing laws and regulations and new legislation to ensure that benefits outweigh costs was a big step in the right direction, provided it is followed up with prompt and decisive action. Staff and Employees: The efforts of staff and employees were once again acknowledged. Outlook: So far in the 1984/85 financial year the nickel price received by the Company has firmed, while gold and aluminium prices have fallen. Efforts to contain costs are continuing but there is nevertheless a net cost increase. On the other hand there is increased revenue from higher production of gold. Unless there is a change in metal prices in the near future, the financial result for the current half year is likely to be about the same as in the first half of 1983/84. It is not possible to predict the result for the second half year at this time.



FC5848A

BIDS AND DEALS

Currys still not happy as Dixons ups bid to £225m

BY CHARLES BATCHELOR

Dixons Group yesterday added £47m to the value of its bid for rival High Street electrical retailer Currys with a final offer of £225m. Currys immediately rejected the revised bid as "very seriously inadequate". Dixons launched its increased offer following an announcement from the Trade and Industry Department that the bid would not be referred to the Monopolies and Mergers Commission and also after gaining acceptance from the holders of only 62,508 ordinary shares which together with the 1.5m additional shares at 85p in the stock market yesterday to take Dixons' holding to around 5 per cent.

Dixons is now offering two of its own shares and 740p in cash for every three Currys shares. Dixons share price rose 8p yesterday to 355p to value the offer at 485p per Currys share. Currys rose 53p to 487p, only marginally above the offer level. Dixons is also offering a cash alternative of 460p per Currys share. These offers compare with Dixons' initial bid of one of its own shares and 475p cash for every two Currys shares - then worth 385p per Currys share. The original cash alternative was worth 375p. Mr Stanley Kaim, Dixons' chairman said: "The City clearly signalled that our offer price had to go higher. Our share price has improved today which shows that the City and the institutions are happy to have our paper." Noting Dixons' offer was now final, Mr Terry Curry, joint managing director of Currys, commented: "We know now what we are dealing with. I have been taken aback by the messages of support I have had from members of our family (with about 30 per cent of the company's equity). There is a great strength of feeling that they want the company to remain independent."

Dixons' board yesterday dismissed the Curry's rejection document of November 1 as presenting "a weak and contrived defence" and as lacking profit or dividend forecasts and an asset revaluation. Dixons said it had decided to cut through Curry's "stonewalling" and its refusal to meet the Dixons' board by making a substantially increased offer. It expects to send out the revised offer document tomorrow. The latest offer represents a 94 per cent increase over the middle market price of Currys' shares of 248p at the close of trading on October 1, the day on which Currys announced its interim results and before bid speculation started. Dixons in yesterday's statement included a forecast that its pre-tax profit will rise to not less than £12m in the 26 weeks ending November 10, an increase of 57 per cent on the same period last year. On this basis, Dixons' profit in the 52 weeks ending November 10 is 55 per cent up on the previous 12 months. Full acceptance of the Dixons' offer would involve the issue of 30.4m new Dixons shares, representing 32.8 per cent of the company's enlarged share capital. Dixons is offering 84 per cent unsecured loan notes 1988 as an alternative to the cash element of its offer.

Britannia Arrow links with stockbroker

By Alexander Nicoll

Britannia Arrow Holdings yesterday announced plans to add stockbroking to its range of financial services through the acquisition of Heselting, Moss, a firm with a strong private client list in the South of England and Wales. Britannia's aim to expand from fund management into a full range of retail financial services was demonstrated by its purchase last year of National Employers Life Assurance and this year of the merchant bank Singer & Friedlander, bought for £52m from European Ferris. Stockbroking had been the obvious gap in its supermarket. "If we wanted to expand our retail client base, a private client-oriented stockbroker was the obvious choice," Mr Stuart Goldsmith, a Britannia director, said yesterday. As in most of the other deals struck in the current restructuring of the British financial services industry, Britannia will take a 29.9 per cent stake in Heselting and will acquire 100 per cent when Stock Exchange rules allow. This is expected to be around the time of the abolition of fixed commissions, due by 1986. Terms of the deal were not disclosed, but Britannia would have been obliged to reveal the purchase price if it valued Heselting at more than £7m. Heselting has 21 partners, 10 offices, 108 employees and about 4,000 private clients of whom 3,000 have £25m of funds under management. Britannia and its subsidiaries have about £4bn under management. Mr Goldsmith said Britannia had decided not to go into market-making of major stocks because of the capital needed and expectations of a low return. Instead, it wanted to develop its retail base. Heselting's branch network, based in Reading, and covering towns such as Cheltenham, Chichester, Newbury and Swansea, will complement the 15 branch offices, mainly in major industrial centres, of Singer & Friedlander and National Employers Life. Mr Goldsmith said Britannia was also holding discussions with additional stockbroking firms with a view to establishing a presence in other areas of the UK. Mr Alan Smith, administration partner of Heselting, said the link with Britannia would enable his firm to offer a wider range of services. "You do need institutional finance behind you, and Britannia seemed to fit very well."

Francis back on par with offer

SHARES in Francis Industries, the packaging and motor components manufacturer, returned from suspension yesterday to resume trading at 132p, which is in line with the revised cash alternative bid agreed with Suter. The price had been frozen at 151p when it was learned that Francis would not be able to meet its earlier 1984 profit forecast of some £2.85m before tax. The new terms reflect Suter's insistence that an estimated

£350,000 shortfall on that profits target should show through in a lower overall bid price. So, underwriting once more on the basis of 120p per Suter share, Robert Fleming has produced a cash offer of 132p per share as an alternative to Suter's all-equity main bid, which offers 11 of its own shares for every 10 Francis shares. Taking Suter at 125p—down 1p yesterday—the equity offer is worth 137p per Francis share against the equivalent value

of 165p when Suter and Francis agreed to drop over six months of confrontation, and concluded a deal worth £15.5m at the beginning of last month. The new share exchange terms value Francis at about £15.5m in total, and the outstanding 87 per cent not already owned by Suter, at some £8.5m. Holders of Francis preference shares are to be offered 80p per share. The formal offer documents will be posted tomorrow.

Ladbroke Group raises Belgium stakes

acquired what is now Ladbroke Ladbroke Group is adding to its Belgian-based betting shop chain with a £28.6m acquisition of Tierce and two subsidiaries. The deal which will be signed at the beginning of next month, will establish Ladbroke as the pre-eminent betting shop operator in Belgium. Despite this, however, Mr Cyril Stein, Ladbroke's chairman, said yesterday that the group's eyes are now turning

westwards to establish off-track betting operations in the U.S. when and where state legislation opens up appropriate opportunities. The Le Tierce acquisition adds a chain of 528 shops to the stable of 287 outlets which Ladbroke has been building up since it Derby in 1982. The existing Ladbroke activities are producing profits before tax, and after local betting tax of some £1m annually. The new shops will bring

in about £4.5m before corporation tax on an historic basis. Belgian betting centres mainly on French tracks to which Belgian bookmakers participate on a pooled basis (not unlike the Tote) on the Pari-Mutuelle. Betting on purely indigenous Belgian racing is undertaken through the Pari-Mutuelle Urbaine to which bookmakers pay a commission.

MINING NEWS

Western Mining sees low-key approach to Olympic Dam

BY KENNETH MARSTON, MINING EDITOR

MR ARVI PARBO, the chairman of Australia's Western Mining, told the company's annual meeting in Melbourne that it was likely that full-scale production would have to be reached in stages. He was referring to the A\$1.7bn-plus (£1.16bn) Olympic Dam copper-uranium-gold project in South Australia which Western Mining has a stake of 51 per cent. British Petroleum holds the remaining 49 per cent and is committed to arranging funds to bring the venture to production. Mr Parbo confirmed the view, expressed in this column, that against the background of escalating capital costs, high interest rates and, presently, low metal prices, some rethinking might have to be done regarding the development of this huge

mineral resource of some 450m tonnes of ore. Mine and plant construction could be completed by 1990 but it has seemed unlikely that the partners would be prepared to go immediately to full production at what has the potential to become the world's biggest mining operation. Mr Parbo's forecast that operations will begin on a smaller scale suggests that they will be initially concentrated on the higher-grade gold areas of the big property. Subsequent expansion would be gradual, depending on metal markets, and it is also possible that BP might seek a partner. Mr Parbo said that of Western Mining's existing productive operations, nickel prices had firmed while those of gold and aluminium had fallen in the current year to next June.

Gold production, however, had increased and, on balance, results for the first half of the financial year were likely to be about the same as those of a year ago.

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8th November, 1984

DIVIDENDS ANNOUNCED

	Current payment	Date	Corre- Total	Total
			spending	year
			div.	last
			year	year
Cater Allen	Int. 8p	Jan 4	8*	28.88
Hartwells	Int. 1.2	Jan 31	1.07*	3.33*
Jessops	2	Jan 4	1*	1.5*
Peter Stubs	1	Jan 25	1	2
Rusi & Tompkins	Int. 2	Jan 7	2	7.25
Shifoh	Int. 0.75	Dec 14	0.75	1.5
H. C. Stangby	Int. 1	Jan 4	0.6	2.4
TR North America	Int. 1	Jan 1	1	2.4
Theo. Warrington	Int. 1.75	Jan 8	1.75	6.16

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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WALL STREET

Profits taken in wake of election

THE MORNING after the presidential election brought a mixed batch of reactions on Wall Street, which found itself facing a fresh set of market factors, writes Terry Byland in New York. The plunge in short-term interest rates continued apace, bringing with it a not unexpected cut in prime rates to 11.75 per cent by the major banks, with Citicorp taking the lead. Belief that the Federal Reserve Board is already easing credit policies was fuelled by the Fed's injection of liquidity through its offer to purchase all maturities of Treasury bills. The move came with the federal funds rate standing at 8 1/2 per cent. Both the bond and stock markets ran into some determined profit-taking following their strong gains over the past few trading sessions. By mid-session, long-dated bonds were down by almost a full point. At the close the Dow Jones industrial average was down 10.93 at 1,233.22. The stock market's super-optimism ahead of the Reagan victory gave way to slight disappointment at the failure of the Republican Party to win control of the House of Representatives. But, close-

er to home, was a renewed rash of rumours - swiftly denied - that Mr Paul Volcker was quitting the Fed. Stock prices dipped smartly across the board, with turnover moving higher. Nervous selling was intensified ahead of the President's press conference, but prices steadied when Mr Reagan rejected suggestions of planned tax increases. Profit-taking sellers took IBM down 5 1/4 to \$128 1/4, and others on the same track included Honeywell, \$1 down at \$80 1/4, General Motors, 5/8 lower at \$80 1/4, and Union Carbide 3/4 off at \$50 1/4. Minnesota Mining was 1 1/4 off at \$83 1/4 and Goodyear Tire 3/4 lower at \$27. Bank stocks were as much as 3/4 off after the prime rate announcements. At \$43 1/4, Chase Manhattan shed 5/8, while Citicorp, at \$38 1/4, gave up the same amount. In a dull oil sector, Exxon slipped 5/8 to \$44 1/4 and Atlantic Richfield 3/4 to \$46 1/4. Phillips Petroleum weakened by 5/8 to \$42 1/4. Airlines had UAL down 3/4 to \$42 1/4 and Pan American 3/4 off at \$5. Firm spots included Control Data, 1 1/4 up at \$38 1/4 on plans to sell off its financial services side and concentrate entirely on information processing. But Dun & Bradstreet, which is buying the U.S. travel interests of Thomas Cook, fell 1 1/4 to \$85 1/4. Rockwell, the defence group, dipped 3/4 to \$29 1/4 after results. However, many analysts took the view that the shakeout in stocks was only to be expected after the strong advance ahead of the election. The further dip in short-term interest rates is expected to fuel a renewed advance in the market in the near term. The conviction that the Fed is easing policy, brought into focus by election-

day comments from Mr Preston Martin, Fed vice-chairman, again dominated the short-term credit market. Renewed falls in Treasury bill rates of 15 to 20 basis points provided the backcloth for the cuts in bank primes. The money markets showed similar falls in rates, inspired by the federal funds rate at only 8 1/2 per cent. Yesterday was the final day of the two-week banking settlement, when funds trade erratically. Moreover, the market continued to benefit from the Fed's repurchased arrangements announced on Tuesday, followed by yesterday's purchases of bills after the day's auction of 10-year notes. Also significant for the credit markets were the prospects for the meeting of the Federal Open Market Committee (FOMC) yesterday and the disclosure tomorrow of the minutes of the October FOMC meeting. Determined selling at the long end of the bond market left the price of the existing key long bond almost a full point down at 107 1/2. Losses were proportionally lower towards the nearer dates.

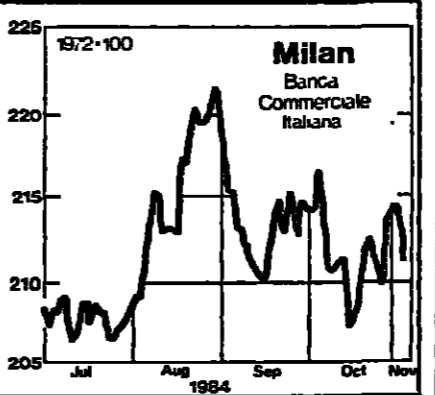
LONDON Gilts take the prime position

GOVERNMENT securities set the pace again in London stock markets, and the strength of the sector contrasted with another dull trading session in leading industrial shares. The increased likelihood of lower U.S. prime rates following the Federal Reserve's more accommodating stance on credit enhanced the gilt market's back-ground. Early rises of a point among some longer-dated issues were eventually halved, while gains extending to 3/4 in the shorts were pared to 1/4. Late in afternoon trade, however, the tone firmed again on news of the U.S. prime rate cuts. After staging a slow recovery from noon, the FT Industrial Ordinary share index eased again late on to close 8.9 down at the day's low of 894.1. Equity dealers reported a certain amount of selling which suggested that some investors were raising funds in preparation for the impending British Telecom flotation. Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33.

TOKYO Adjustment phase brings new setback

PRESIDENT Ronald Reagan's re-election in the U.S. and the continued sharp advance on Wall Street failed to provide an investment incentive in Tokyo yesterday, and share prices suffered another steep setback, writes Shigeo Nishiwaki of Jiji Press. Investors apparently grew cautious in the wake of the rapid upsurge from mid-October until last Monday, and one leading broker said the market was likely to remain in an adjustment phase for the time being. The Nikkei-Dow Jones average fell back 119.12 to 11,178.54, with volume shrinking from Tuesday's 427.55m shares to 363.98m. Losses outnumbered gains 489 to 246, with 149 issues unchanged. Observers said the investment mood was soured by declines in prices for Japanese companies quoted on Wall Street. They also noted that sell orders placed by non-residents with Japan's big four brokerage houses in the morning amounted to 24m shares, outstripping buy orders of 16m. Yesterday's gainers were a handful of incentive-backed issues and high-priced stocks with a par of Y500. Shintom scored a daily limit increase of Y200 to Y1,220, reflecting brisk demand for car stereos and semiconductor interest. Pilot Pen, reporting smooth sales growth, soared Y76 to Y760, while massive buying spurred by increasing demand for semiconductor production equipment pushed up Meidensha by a sharp Y76 to Y370. Blue chips, issues with off-the-book assets and large-capital stocks lost ground on a wide front. In particular, precision engineering issues suffered steep losses, with Canon closing Y40 lower at Y1,520 and Nippon Kogaku Y70 down at Y1,310. In small-lot selling Hitachi shed Y19 to Y870, Fujitsu Y30 to Y1,410 and Kyocera Y150 to Y7,350. Bond prices firmed as the yen strengthened to 240.40 against the dollar at one stage. But over-the-counter trading was thin because securities houses and city banks were preoccupied with bidding for

Y350bn worth of four-year government bonds, with a coupon rate of 6.1 per cent. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, fell back from 6.87 per cent the preceding day to 6.82 per cent at one point, because of buying by securities houses. But a trust bank later sold Y20bn worth of government bonds having nine years to maturity, and the yield finished at 6.645 per cent.



EUROPE Paper chase lifts tone in Frankfurt

LITTLE reaction was shown in European centres yesterday to the outcome of the U.S. presidential election or the strong overnight performance of Wall Street that had accompanied confirmation that President Ronald Reagan would be returning to the White House for a second term. In restrained Frankfurt trading, some late bargain-hunting in a market with only a small amount of paper on offer enabled shares to end firmer after a weak, early performance. However, the Commerzbank index, calculated at mid-session, reflected the morning's easy tone, dipping 3 to 1,087.7. Siemens also found buyers, putting on DM 1.20 to DM 455, although other electricals did not echo the performance. High technology issues were weaker. Among the banks, Deutsche gained 50 pig to DM 382.50, although its purchase

of a stake in Morgan Grenfell of the UK was said to have had little effect. Bonds were mostly firmer although trading volume was low. The announcement of a four-year Finance Ministry note tender at 6.5 per cent came after trading hours. The Bundesbank sold DM 15.8m of paper in the market after Tuesday's sales totalling DM 20.4m. In a broadly lower Milan, RAS, which was quoted as high as L60,000 last week amid market speculation, fell back L1,050 on the day to L54,700. Centrale, the holding company of Nuovo Banco Ambrosiano, dropped L64 to L2,076, despite the board's announcement of its first annual profit since 1981 and distribution of a dividend. Shares were broadly lower in Amsterdam where the ANP-CBS General index fell 1 to 178.3. Philips, which announced higher third-quarter profits, fell 30 cents to FL 54.60 with its planned bond issue with warrants depressing the share price. Inactive share Boskalis was traded 70 cents higher at FL 17.20 in the wake of reports that Argentina will pay FL 21m for completed construction work. Bonds were generally little changed in thin trading although marginal advances by higher coupon bonds and some state issues were enough to push the bond index up 0.1 to a 1984 high of 108.2. A mixed to firmer picture emerged in Paris where in the foods sector, Carrefour added FFf 14 to FFf 1,776. However, construction group Bouygues at FFf 665 gave up FFf 15 of Tuesday's FFf 19 advance, which came after its forecast of higher 1984 net consolidated income. Insurance issues were at the centre of attention in Zurich, led by Swiss Reinsurance which advanced SwFr 150 to SwFr 7,750 ahead of expected announcements today. Bonds ended firm amid expectations of lower interest rates. Brussels was little changed although some surprise was expressed at a BFR 250 advance to BFR 8,340 for Sofina in view of the financial holding company's large dollar interests in the petroleum and gas sectors. Stockholm was lower in quiet trading. Volvo, whose shares are to be listed on the Paris bourse from December 5, was the most actively traded issue, losing SKr 12 to SKr 221. Atlas Copco eased SKr 1 to SKr 101, in the wake of results. Shares were again easier in light Madrid trading, led by declines in the foods sector.

KEY MARKET MONITORS

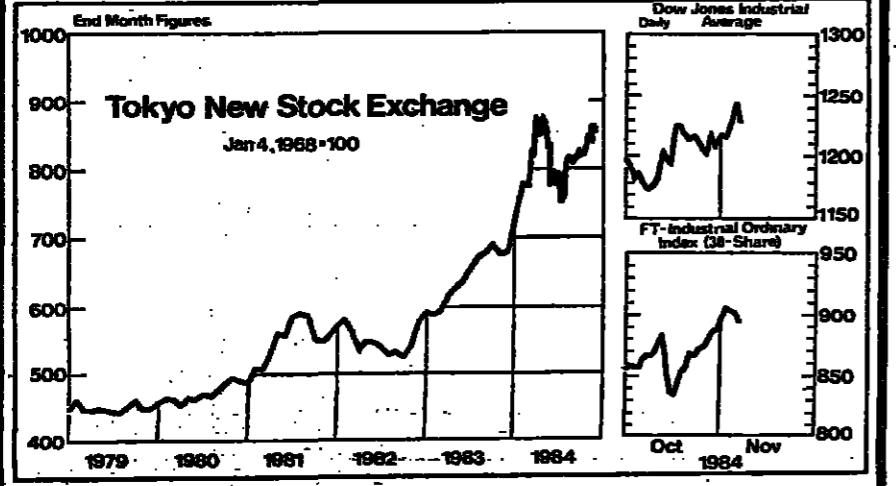


Table with multiple columns: STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, etc.), INTEREST RATES (Euro-currencies, FT London Interbank Rate), U.S. BONDS (Treasury, Corporate, etc.), FINANCIAL FUTURES (Chicago, etc.), and COMMODITIES (Gold, Silver, Copper, etc.).

AUSTRALIA SCATTERED buying among mining stocks replaced early hesitancy in Sydney and, coupled with firm signals from New York following President Ronald Reagan's re-election, brought a rising trend and improved turnover. BHP languished 5 cents down most of the day following its takeover of the U.S. Energy Reserves group but recovered to finish 10 cents higher at A\$10.55. The All Ordinaries index rose 4.7 to 777.7. Tuesday's index was incorrectly quoted by the stock exchange authorities as off 3 at 767.7 because of a miscalculation in the alcohol and tobacco component. The All Ordinaries had in fact risen 2.3 to 773. HONG KONG MODERATE gains were posted in very light trading in Hong Kong's regular Wednesday half-day session, with a virtual absence of foreign participation. The Hang Seng index added 8.36 to 1,046.03. China Light dipped 10 cents to HK\$15.30 on expectations that a rights issue would be announced along with annual results, after the market had closed. In the event, the company said, a one-for-three bonus issue would be made in addition to a 20-cent final dividend, taking the year's dividend to 85 cents, compared with the previous 54 cents.

SINGAPORE SELECTIVE buying following Wall Street's firmer trend brought a marginal lift to Singapore prices, taking the Straits Times index 4.30 points up to 838.17. Turnover remained low at 8.2m shares traded against Tuesday's 8.1m. The broad advance took Gold Coin 12 cents ahead to S\$2.74, Genting up 4 cents to S\$5 and General Corporation and Magnum up 6 cents each to S\$2.18 and S\$3.14 respectively. SOUTH AFRICA THE BULLION price's brief surge to \$350 left gold shares broadly mixed in Johannesburg after selling pressure resulting from the rand's firmness had brought sharp declines early in the day. Gainers included Southvaal, R1.50 ahead at R11.00, while among the easier issues, Vaal Reefs stood R3.75 lower at R182.25. CANADA A ROUND of profit-taking in the wake of Tuesday's strong advance left shares mixed in Toronto. Both the oil and gas sector and metals and minerals issues traded easier, but continued strength was displayed among gold stocks. Montreal was marginally easier overall, with declines among industrials and banks offsetting a small advance among utilities.

The FT 10th World Banking Conference. Contributors include: Helmut Schmidt, Erik Hoffmeyer, Sir Geoffrey Howe, Lord Lever, William Rhodes, A D Loehne, Carlos Langoni, Walter Shipley, Roy Jenkins, Peter Leslie, Peter Reimpell, Armin Mattle, Courtney Blackman, Blas Ople, Jean Deflassieux, Brian Griffiths, Joe Selby, Azizali Mohammed, John Rutledge. Date: 5 & 6 December, 1984. Venue: London Inter. Continental Hotel. Details... Financial Times Conference Organisation... Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355... Telex London 27347 FTCONF G.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div. Yld. %	P/E	100s High	100s Low	100s Open	100s Close	100s Change	100s Prev. Close
42.25	30.00	AAR	4.2	10.5	42.25	30.00	42.25	42.25	+	42.25
30.00	20.00	AGS	3.0	8.0	30.00	20.00	30.00	30.00	+	30.00
15.00	10.00	AMR	2.0	6.0	15.00	10.00	15.00	15.00	+	15.00
20.00	15.00	ANR	2.5	7.0	20.00	15.00	20.00	20.00	+	20.00
10.00	7.00	APL	1.5	5.0	10.00	7.00	10.00	10.00	+	10.00
25.00	18.00	ASA	3.5	9.0	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	AVX	2.8	7.5	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ABC	1.8	5.5	12.00	8.00	12.00	12.00	+	12.00
35.00	25.00	ACC	4.5	11.0	35.00	25.00	35.00	35.00	+	35.00
28.00	20.00	ADP	3.8	9.5	28.00	20.00	28.00	28.00	+	28.00
15.00	10.00	ADG	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
22.00	16.00	ADJ	2.5	6.5	22.00	16.00	22.00	22.00	+	22.00
18.00	13.00	ADK	2.2	6.0	18.00	13.00	18.00	18.00	+	18.00
12.00	8.00	ADL	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADM	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADN	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADP	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADQ	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADR	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADT	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADU	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADV	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADW	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADX	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADY	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADZ	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAA	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADAB	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADAC	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADAD	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADAE	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAF	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADAG	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADAH	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADAI	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADAJ	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAK	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADAL	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADAM	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADAN	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADAO	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAP	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADAQ	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADAR	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADAS	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADAT	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAU	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADAV	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADAW	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADAX	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADAY	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADAZ	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBA	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADBB	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADBC	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADBD	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADBE	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBF	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADBG	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADBH	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADBI	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADBJ	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBK	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADBL	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADBM	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADBN	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADBO	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBP	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADBQ	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADBR	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADBS	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADBT	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBU	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADBV	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADBW	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADBX	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADBY	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADBZ	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADCA	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADCB	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADCC	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADCD	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADCE	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADCF	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADCG	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADCH	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADCI	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADCL	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADCM	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADCN	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADCO	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADCP	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADCQ	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADCR	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADCS	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADCT	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	ADCU	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00
18.00	12.00	ADCV	2.2	6.0	18.00	12.00	18.00	18.00	+	18.00
12.00	8.00	ADCW	1.5	4.5	12.00	8.00	12.00	12.00	+	12.00
20.00	14.00	ADCX	2.8	7.0	20.00	14.00	20.00	20.00	+	20.00
15.00	10.00	ADCY	1.8	5.0	15.00	10.00	15.00	15.00	+	15.00
25.00	18.00	AD CZ	3.5	8.5	25.00	18.00	25.00	25.00	+	25.00

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WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Belgium/Luxembourg, France, Netherlands, and Switzerland. Columns include country, stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices from the Nasdaq national market, listing various stocks and their prices.

LONDON

Table of London market data including chief price changes, gold prices, and various stock indices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices for various stocks, including high, low, and volume data.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times

Table showing the world value of the dollar, listing various countries and their respective dollar values.

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LONDON STOCK EXCHANGE

Strength of Gilt-edged contrasts with lethargic equity market performance

Account Dealing Dates
Optimism over cheaper money prospects on both sides of the Atlantic continued to generate sustained investment support for gilt-edged stocks...

Government securities set the pace again yesterday in London stock markets and the strength of the sector contrasted with another lacklustre trading session in leading industrial shares.

The increased likelihood of lower U.S. Prime rates following the Federal Reserve's more accommodating stance on credit enhanced the gilt market's back-ground.

Leading equities disregarded both Wall Street's overnight upsurge and the CBI chief's hopeful view of the UK economy outlook, but took note of the U.S. market's post-election reaction.

Barclays retreat
Talk of a large line of shares being on offer depressed Barclays which declined 18 to 329p. Other clearers drifted lower in sympathy, with sentiment also

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, Nov 7, Nov 8, Nov 9, Nov 10, Nov 11, Oct, Year ago. Includes Government Secs, Fixed Interest, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index Name, High, Low, S.E. Activity. Includes Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

cash met with a speedy rejection from Currys which spurred 53 to 457p, after 439p, establishing a small premium on the offer price.

Small irregular price movements were the order of the day among the Electrical dealers, after a quiet trade. Thorn EMI, still reacting to the takeover bid, touched 460p before closing a couple of pence off at 459p.

Financials posted good gains across the board. Among South African "Amco" rose 2 to 215p ahead of the interim figures expected on Tuesday.

London Financials were highlighted by Consolidated Gold Fields which moved ahead to 510p before closing a net 5 to the good at 502p.

A fresh advance by overnight Sydney and Melbourne markets encouraged further good gains in Australian shares.

Secondary stocks provided a number of firm features. Jack Exploration advanced 8 to 100p following progress report from its Indonesian operations.

EQUITIES

Table of equity prices with columns: Issue, Price, Change, Stock Name, Price, Change.

FIXED INTEREST STOCKS

Table of fixed interest stock prices with columns: Issue, Price, Change, Stock Name, Price, Change.

RIGHTS OFFERS

Table of rights offers with columns: Issue, Price, Change, Stock Name, Price, Change.

OPTIONS

Table of options with columns: Issue, Price, Change, Stock Name, Price, Change.

ACTIVE STOCKS

Table of active stocks with columns: Issue, Price, Change, Stock Name, Price, Change.

TUESDAY'S ACTIVE STOCKS

Table of Tuesday's active stocks with columns: Issue, Price, Change, Stock Name, Price, Change.

LONDON TRADED OPTIONS

Table of London traded options with columns: Option, Price, Change, Stock Name, Price, Change.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns: Equity Groups, Wed Nov 7 1984, etc.

FIXED INTEREST

Table of fixed interest rates with columns: Index Name, Price, Change, etc.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange with columns: Series, Vol., Last, etc.

*The yield, high and low record, base rates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Cannon Street, London, EC40 4DF, price 15p, by post 25p.

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

John Foord

BRITISH FUNDS

Table of British Funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Five to Fifteen Years

Table of Five to Fifteen Years funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Over Fifteen Years

Table of Over Fifteen Years funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Undated

Table of Undated funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Index-Linked

Table of Index-Linked funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Govt Sterling Issues with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

CORPORATION LOANS

Table of Corporation Loans with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

LOANS

Table of Loans with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Building Societies

Table of Building Societies with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Public Board and Ind.

Table of Public Board and Industrial funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

Financial

Table of Financial funds with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

AMERICANS

Table of American stocks with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

BEERS, WINES & SPIRITS

Table of Beers, Wines and Spirits with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

DRAPERY & STORES—Cont.

Table of Drapery and Stores (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

ENGINEERING—Continued

Table of Engineering (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) stocks with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

CANADIANS

Table of Canadian stocks with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

BANKS, HP AND LEASING

Table of Banks, Hire Purchase and Leasing with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

DRAPERY AND STORES

Table of Drapery and Stores with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc. with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

HIRE PURCHASE, LEASING, ETC.

Table of Hire Purchase, Leasing, etc. with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

DRAPERY AND STORES

Table of Drapery and Stores with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

ENGINEERING

Table of Engineering with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

AMERICANS

Table of American stocks (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

BEERS, WINES & SPIRITS

Table of Beers, Wines and Spirits (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

DRAPERY & STORES—Cont.

Table of Drapery and Stores (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

ENGINEERING—Continued

Table of Engineering (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) stocks (Continued) with columns: 1984 High, 1984 Low, Stock, Price, Div, Yld, etc.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and various manufacturing firms, with columns for stock price, dividend yield, and other financial metrics.

LEISURE—Continued

Table of leisure-related stocks such as British Airways, British Telecom, and various media and entertainment companies.

PROPERTY—Continued

Table of property and real estate stocks, including various real estate investment trusts and property development companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts, including various funds and trusts offering different asset classes and geographical exposures.

OIL AND GAS—Continued

Table of oil and gas stocks, including major energy companies like BP, Shell, and various independent producers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including companies like British Leyland and various aircraft manufacturers.

Commercial Vehicles

Table of commercial vehicle stocks, including companies like Leyland Trucks and various truck manufacturers.

Components

Table of component stocks, including various parts and accessories manufacturers.

Garages and Distributors

Table of garage and distributor stocks, including various automotive service and parts retailers.

SHIPPING

Table of shipping stocks, including various shipping lines and logistics companies.

SHOES AND LEATHER

Table of shoes and leather goods stocks, including various footwear and leather manufacturers.

SOUTH AFRICANS

Table of South African stocks, including various companies listed on the Johannesburg Stock Exchange.

TEXTILES

Table of textile stocks, including various textile manufacturers and clothing companies.

TOBACCO

Table of tobacco stocks, including various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, including various financial and real estate investment vehicles.

INSURANCES

Table of insurance stocks, including various insurance companies.

PROPERTY

Table of property stocks, including various real estate investment trusts.

LEISURE

Table of leisure stocks, including various entertainment and media companies.

OIL AND GAS

Table of oil and gas stocks, including various energy companies.

Diamond and Platinum

Table of diamond and platinum stocks, including various precious metal companies.

Saitama Bank advertisement featuring the bank's logo and contact information for its international headquarters.

MINES—Continued

Table of mining stocks, including various metal and coal mining companies, categorized into Central African, Australians, and Tins.

PLANTATIONS

Table of plantation stocks, including various rubber and palm oil plantations.

TEAS

Table of tea stocks, including various tea companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including various companies from different geographical regions.

OPTIONS—3-month call rates

Table of 3-month call option rates for various stocks, including company names and option prices.

Additional notes and information regarding the stock market data, including a reference to a 'Recent Issues' and 'Rights' page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and investment funds, including Life Assurance Co Ltd, National Provident Institution, and others, with columns for fund names and values.

Table listing insurance and investment funds, including Target Life Assurance Co Ltd, GAIL Investments (IHM) Ltd, and others, with columns for fund names and values.

Table listing insurance and investment funds, including British Overseas Trust Ltd, GDC International Invest Mgrs Ltd, and others, with columns for fund names and values.

Table listing insurance and investment funds, including TSB Trust Funds (CI), Midland Bank Tr Corp (Jersey) Ltd, and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS

Money Market

Trust Funds

Money Market

Bank Accounts

Table listing bank accounts and other financial services, including Midland Bank, TSB Trust Funds, and others, with columns for account names and values.

COMMODITIES AND AGRICULTURE

World sugar production shortfall forecast

WORLD SUGAR production in 1984-85 (September-August) is likely to fall short of consumption by nearly 700,000 tonnes, says F. O. Licht, the West German sugar statistics agency.

In its latest estimate of the 1984-85 world sugar balance Licht puts production at 96.42m tonnes, down from 97.57 tonnes in 1983-84, and consumption at 97.14m tonnes, up from 96.5m tonnes.

It does not, however, foresee a strong recovery in prices. "We are still in a situation where a heavy surplus overhangs the market," Licht says.

Estimates of the end 1984-85 stocks level at 33.3m tonnes. In Brussels the European Commission granted export licences on 51,750 tonnes of white sugar and 17,000 tonnes of raws at its weekly tender.

Dealers said the result was broadly in line with expectations. In Tucuman, Argentina, meanwhile Sr Alberto Betancourt, Cuba's deputy foreign trade minister, said the country's sugar crop reached 8.3m tonnes of which about 7.5m tonnes were exported, Reuters.

Sr Betancourt is attending a meeting of Geplacea, the Group of Latin American Caribbean Sugar Exporting countries.

Delegates at the meeting were yesterday trying to reach consensus on which member would hold the executive secretariat. Sr Eduardo Latorre, from the Dominican Republic, and Sr Jose Lago, from Cuba, are thought the most likely candidates to succeed Peru's Sr Enrique Estremadoyro when his three-year term ends this year.

Peppi Cola US has approved the use of 100 per cent high fructose corn syrup (HFCS) as the sweetening ingredient in bottles and cans of Pepsi Cola, Pepsi Free and Fountains Syrups, effective immediately.

Esal compulsorily wound up

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A PLAN by a consortium of creditor banks to rescue Esal (Commodities) has failed and the company has been compulsorily wound-up by the High Court. The commodity-trading company got into difficulties after the military coup in Nigeria at the end of last year.

Yesterday, Mr Justice Harman was told that the court's sanction of the rescue scheme could not be sought because a pre-condition had not been satisfied.

The pre-condition related to \$18m (£14.3m) worth of additional assets to be injected into Anglesharp, a company incorporated in March to take over the assets and liabilities of Esal and six associated companies covered by the scheme.

The scheme provided that, if the assets had not been transferred, or the steering committee set up under the scheme and the six lead creditor banks were sufficient to support provision of new credit facilities for Anglesharp, the scheme would not proceed.

Move on EEC grain sales

BY IVO DAWNAY IN BRUSSELS

EEC GRAIN market managers have lowered their estimates of the world market price for wheat in a bid to boost the Community's export sales.

The traditional measure of the world price, below which the Community will not sell, is based on the price of wheat in the United States. Last week, however, the price for this variety rose by \$8 (£6.3) making lesser-quality Community grains uncompetitive.

To regain a foothold in the market, the European Commission will now take into account cheaper grains such as Argentinian and winter wheat when estimating world prices, thereby lowering the cost of Community wheat in the international market place.

Leslie increases U.S. maize estimate

CONRAD LESLIE, the private crop forecaster, has raised his estimate of the 1984 U.S. maize crop to 7,595,288,000 bushels as of November 1 compared with 7,547,696,000 as of October 1.

Mr Leslie forecast soyabean output at 1,929,150,000 bushels compared with 1,965,302,000 bushels a month earlier and last month's USDA estimate of 1,971,700,000.

Chicago analysts viewed the estimates as neutral to slightly bullish for soyabean prices and bearish for maize prices.

The volume of U.S. farm exports could rise in this fiscal year, which began on October 1, with some re-structuring and continued recovery in the developing countries, USDA said.

THE INTERNATIONAL Natural Rubber Organisation five-day average price for rubber has slumped to its lowest level so far this year, for November 6 it was 178.05 Malaysian/Singapore cents a kilo.

Traders said intervention was imminent as the average was only 1.05 cents above the level at which the buffer stock manager may start buying.

THE AGRICULTURAL Mortgage Corporation has cut its rate of interest on new variable rate loans from 12.5 per cent to 12 per cent. The rate on existing variable rate loans will be reduced on December 1 and the rate on fixed rate loans remains at 14 per cent.

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Locusts threaten Australian crops

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA IS facing its worst locust plague in 30 years, though it is too early to say how much damage will be inflicted on crops and pastures.

Dr Phil Symmons, director of the Canberra-based Australian Plague Locust Commission, said yesterday that the infestation was still in the unwinded, hopper phase but that the locusts would be on wing in 10 to 14 days' time.

The locust plague follows months of fine weather since the breaking of Australia's costliest-ever drought in March last year.

Australia is a major agricultural producer and exporter. The Bureau of Agricultural Economics, Canberra, said that while stripe rust, stem rust and plagues of mice and locusts had been detected in some regions, crop losses would be localised and probably modest.

The locust commission is using five spray aircraft and three spotter aircraft. It has been dropping two tonnes of insecticide a day in a bid to combat the densest concentrations.

The locusts are concentrated in central and western regions of New South Wales but bands of locusts up to 5 km wide have been reported as far north as south-west Queensland and as far west as eastern South Australia.

Particularly threatened are crops in the Murrumbidgee and Coleambally irrigation areas of the lush riverine region.

In spite of mouse and locust plagues of near-biblical severity the BAE remains confident recent moist conditions in most cereal-growing areas have boosted yield prospects for Australian winter crops.

On the consumption side in Canberra has to date pleased the farmers, so that farm issues are barely featuring in the current general election campaign.

Australia's 1984-85 wheat crop is forecast at 17.6m tonnes, the third-best on record, from an area sown estimated at 12.3m hectares. The area sown to barley was an estimated 3.7m hectares, with a forecast crop of 4.88m tonnes, only slightly below the record 4.94m tonnes produced last year.

What exports for 1984-85 are forecast is 12.2m tonnes, compared with 14.3m tonnes in 1983-84 and only 7.5m tonnes in 1982-83, when the drought was at its worst.

Main wheat-buyers in 1983-84 were China (2.5m tonnes), the Soviet Union, Egypt and Iran (1.8m tonnes).

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Europe likely to cut softwood imports by 2%

BY A CORRESPONDENT

THE EIGHT European softwood-importing countries expect little change in consumption next year and as individual importers' companies move to meet their individual requirements with expected demand it is likely that Europe's total import of softwood will drop by 2 per cent.

This small movement should maintain the steady market conditions next year and the mood was reflected at the European Softwood Importers-Exporters Conference held recently in London.

A factor which is gaining importance in softwood market calculations is the increasing domestic production of softwood in some designated importer countries, particularly West Germany, France and the UK.

A feature of the European market this year has been the preponderance of whitewood (spruce) on offer. The preference for whitewood or redwood (pine) in importing countries is traditional and not easily changed by market factors. In the UK, for example, Scotland and Northern Ireland are white-wood areas.

The Scandinavian mills are not always able to keep the ideal mix of logs coming forward for processing. The result has been a widening of the gap between the price of whitewood and redwood as exporters have tried to shift the white-wood. More recently several mills have curtailed production until balance is restored.

The Soviet Union exports to have an additional 100,000 cubic metres of softwood available for export next year but has indicated this small additional quantity would be destined for Comco countries.

Total exports to Western European countries are expected to remain the same as in this year but offerings to individual countries may vary according to market conditions and demand.

The background for the market this year is that producing countries both in Europe and North America have over-estimated the duration of last year's upturn in demand and have allowed production to

over-run demand, which has weakened since the early summer. In most cases steps are being taken to correct the position.

Reflecting this falling off in demand since the summer the UK delegation downgraded slightly their forecasts for 1984 made at the Barcelona conference at this time last year.

Softwood imports are now expected to reach 6.6m cubic metres with the rider that two dock strikes have confused the import picture and added to the difficulties of forecasting.

On the consumption side in the UK the recent hesitancy in the new house market and the imposition of VAT on home improvements in the last

Budget were put forward by the delegation as two of the reasons for trimming the apparent consumption forecast for this year to 6,675,000 cubic metres against a previous forecast of 6,740,000. Apparent consumption reflects the movement of imported softwood from importers' yards and does not include home production.

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PRICE CHANGES

Table with columns: In tonnes, Nov. 7 1984, + or - Month ago, Nov. 7 1984, + or - Month ago. Rows include Metals (Aluminium, Copper, Lead, Tin, Zinc, Nickel), Oil (Crude Oil, Gas Oil, Fuel Oil), and other commodities.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Price, Change. Rows include Base Metals (Copper, Lead, Tin, Zinc, Nickel), Silver, Pig Meat, Meat/Fish, Potatoes, Rubber, Cocoa, Coffee, Grains (Wheat, Barley, Oats), and Altiminum.

AMERICAN MARKETS

Table with columns: Commodity, Price, Change. Rows include New York (Aluminium, Copper, Tin, Zinc, Nickel), Chicago (Live Cattle, Live Hogs, Pork Bellies), and other regional markets.

LONDON OIL SPOT PRICES

Spill in 1984

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak, but recovering

The dollar closed slightly weaker overall, but the major decline was seen in the Far East on profit-taking following news of President Reagan's re-election. During early European trading the U.S. currency was fairly steady, and then rose when the New York market opened, to close around its highest levels of the day.

FINANCIAL FUTURES

Weaker trend

Prices rose initially but then fell back in the London International Financial Futures Exchange yesterday. Early trading saw the U.S. bond contract underpinned by hopes of lower Federal fund rates and gilt prices helped by sterling's firmer trend and encouraging money supply figures.

STERLING TRADING RANGE AGAINST THE DOLLAR IN 1984 IS

Table showing Sterling trading range against the dollar in 1984, including columns for Day's spread, Close, One month, and Three months.

STERLING EXCHANGE RATE INDEX (Bank of England)

Table showing Sterling Exchange Rate Index (Bank of England) with columns for 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, and 4.00 pm.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for Country, Unit, % change, and Divergence.

POUND SPOT-FORWARD AGAINST POUND

Table showing Pound Spot-Forward Against Pound with columns for Nov 7, Day's spread, Close, One month, and Three months.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing Dollar Spot-Forward Against Dollar with columns for Nov 7, Day's spread, Close, One month, and Three months.

NEW YORK RATES

Table showing New York Rates with columns for 8 Spot, 1 month, 3 months, 6 months, and 12 months.

OTHER CURRENCIES

Table showing Other Currencies with columns for Nov 7, Day's spread, Close, One month, and Three months.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Nov 7, Bank of England, Morgan Guaranty, and Special Drawing Rights.

CURRENCY RATES

Table showing Currency Rates with columns for Nov 7, Bank of England, Morgan Guaranty, and Special Drawing Rights.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates with columns for Nov 7, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, and Canadian Dollar.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-Currency Interest Rates with columns for Nov 7, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, and Danish Krona.

MONEY MARKETS

Mixed reaction after base rate cut

Short term interest rates were mostly firmer in London yesterday with longer term rates reflecting a more relaxed attitude. The latter was based on renewed hopes of a reduction in clearing bank base rates by the end of the year while short term rates reflected the prospect of very tight day to day liquidity.

MONEY RATES

Table showing Money Rates with columns for Nov 7, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, and Dublin.

LONDON MONEY RATES

Table showing London Money Rates with columns for Nov 7, Starting Certificate, Interbank, Local Authority, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), and Fine Trade (Buy).

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing with columns for 11.00 a.m. November 7, 3 months U.S. dollars, bid 9 1/2, offer 9 5/8, 6 months U.S. dollars, bid 9 1/4, offer 9 7/8.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing Discount Houses Deposit and Bill Rates with columns for Nov 6, Starting Certificate, Interbank, Local Authority, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), and Fine Trade (Buy).

MONEY RATES

Table showing Money Rates with columns for Nov 7, Prime rate, Fed funds, Fed funds at intervention, Treasury Bills, One month, Two month, Three month, Six month, and Treasury Bonds.

TABLE 1. AGGREGATE BALANCES

Table 1: Aggregate Balances showing Total outstanding, Change on month, and Liabilities (UK monetary sector, UK private sector, UK public sector, Overseas residents, Certificates of deposit).

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

Table 2: Individual Groups of Banks' Balances showing Total, Change on month, and Assets (Cash and balances with Bank of England, Market loans, Discount houses, Other UK monetary sector, UK monetary sector CD's, Local authorities, Other).

TABLE 3. ELIGIBLE LIABILITIES

Table 3: Eligible Liabilities showing Total, Change on month, and Assets (Cash and balances with Bank of England, Market loans, Discount houses, Other UK monetary sector, UK monetary sector CD's, Local authorities, Other).

Company Notice: BANKING FACILITIES AT GOVERNMENT OFFICE BUILDINGS. Includes details about tenancy and contact information.

Art Galleries: RICHARD GREEN, 4, New Bond Street. Includes details about art exhibitions and contact information.

WestLB: EUROBONDS, DM BONDS, SCHULDSCHINE. Includes details about bond offerings and contact information.

London clearing banks' balances as at October 17 1984. Includes detailed tables for aggregate balances, individual groups of banks' balances, and eligible liabilities.

DIABETES: IT CANNOT BE CURED, it cannot be prevented. Includes details about the British Diabetic Association and contact information.

CAREER FUTURES: COMMODITY/LIFE RECRUITMENT. Includes details about recruitment services and contact information.

WestLB: Marketmakers in Deutschmark Bonds. Includes details about bond market services and contact information.

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